Interim Review

January 1 – September 30, 2023

Valmet's Interim Review January 1 – September 30, 2023

Orders received amounted to EUR 980 million and Comparable EBITA increased to EUR 150 million in the third quarter

Figures in brackets, unless otherwise stated, refer to the comparison period, i.e., the same period of the previous year.

July–September 2023: Net sales remained at the previous year's level, Comparable EBITA margin increased

- Orders received decreased 17 percent to EUR 980 million (EUR 1,178 million).
  - Orders received decreased in all three segments.
  - Orders received increased in China and North America, and decreased in Asia-Pacific, EMEA (Europe, Middle East and Africa) and South America.
- Net sales remained at the previous year's level and amounted to EUR 1,295 million (EUR 1,288 million).
  - Net sales increased in the Services and Automation segments and decreased in the Process Technologies segment.
- Comparable earnings before interest, taxes and amortization (Comparable EBITA) increased 11 percent to EUR 150 million (EUR 136 million).
  - Comparable EBITA increased in the Services and Automation segments and decreased in the Process Technologies segment.
- Comparable EBITA margin was 11.6 percent (10.5%).
- Earnings per share (EPS) were EUR 0.47 (EUR 0.38). Adjusted EPS was EUR 0.52 (EUR 0.51).
- Items affecting comparability amounted to EUR -4 million (EUR -4 million).
- Cash flow provided by operating activities totaled EUR 57 million (EUR 115 million).

January–September 2023: Net sales, Comparable EBITA and Comparable EBITA margin increased

- Orders received remained at the previous year's level and amounted to EUR 3,801 million (EUR 3,809 million).
  - Orders received increased in the Automation segment, remained at the previous year's level in the Services segment, and decreased in the Process Technologies segment.
  - Orders received increased in South America and North America, remained at the previous year's level in China and Asia-Pacific and decreased in EMEA.
- Net sales increased 14 percent to EUR 4,033 million (EUR 3,534 million).
  - Net sales increased in the Automation and Services segments and remained at the previous year's level in the Process Technologies segment.
- Comparable earnings before interest, taxes and amortization (Comparable EBITA) increased 29 percent to EUR 437 million (EUR 337 million).
  - Comparable EBITA increased in the Services and Automation segments and decreased in the Process Technologies segment.
- Comparable EBITA margin was 10.8 percent (9.5%).
- EPS was EUR 1.38 (EUR 1.25). Adjusted EPS was EUR 1.63 (EUR 1.56).

- Items affecting comparability amounted to EUR -4 million (EUR 23 million).
- Cash flow provided by operating activities totaled EUR 229 million (EUR 49 million).

Guidance for 2023

Valmet reiterates its guidance issued on February 2, 2023, in which Valmet estimates that net sales in 2023 will increase in comparison with 2022 (EUR 5,074 million) and Comparable EBITA in 2023 will increase in comparison with 2022 (EUR 533 million).

Short-term market outlook

Valmet reiterates the good/satisfactory short-term market outlook for services (capacity utilization good, customer activity satisfactory), the good short-term market outlook for flow control, automation systems and energy, and the satisfactory short-term market outlook for pulp, board and paper, and tissue.

The short-term market outlook is given for the next six months from the end of the reported period. It is based on customer activity (50%) and Valmet's capacity utilization (50%), and the scale is 'weak–satisfactory–good'.

President and CEO Pasi Laine: Comparable EBITA increased in the third quarter

"During the first nine months of 2023 Valmet's orders received remained at the previous year's level. Orders increased in Automation, remained at the previous year's level in Services and decreased in Process Technologies. Automation's orders grew well and the market activity was good. In Services, the market activity was at a very good level at the start of the year, and order intake in the first quarter was record breaking. The market activity in Services decreased during the second and third quarter. Even though there are projects in the pipeline and customers are discussing investments, we have seen some delays in project decision schedules in the Process Technologies segment. In the third quarter of 2023 Valmet's orders received amounted to EUR 980 million.

Orders received in Valmet's stable business totaled EUR 3.1 billion during the last four quarters. During this period, stable business represented 60% of Valmet's orders received. This is a clear change in the company compared to 2014, when stable business represented 34% of orders received. Our order backlog amounted to EUR 4.1 billion.

During the third quarter, Valmet's net sales remained at the previous year's level and Comparable EBITA increased. Net sales increased in the Services and Automation segments, and decreased in Process Technologies. Comparable EBITA margin was 18.4% in Services, 18.7% in Automation and 4.5% in Process Technologies. Valmet's Comparable EBITA increased to EUR 150 million and margin to 11.6%.

Valmet's Climate Program is progressing well. I am very pleased to announce that we have already reached the first target in the program: Valmet can now enable carbon neutral production for all pulp and paper industry customers. We achieved this target well ahead of schedule, as the initial target year was 2030. In addition to this achievement, we're on track with our three other Climate Program goals. By 2030, Valmet aims to enhance the energy efficiency of its existing technology offering by 20%. We are also committed to reducing our own operations' CO_2 emissions by 80% and decreasing our supply chain's CO_2 emissions by 20%.

On August 18, 2023, Valmet's Board of Directors accepted my resignation as President and CEO and initiated the search for my successor. After a decade as CEO and 33 years as a Valmeteer, it is time for a new leader to continue the work alongside our renewed Executive Team. Until my successor is appointed and ready to step in as Valmet's new CEO, I will remain fully committed to enhancing Valmet's financial performance and serving our customers."

Update on the integration of Flow Control into Valmet

The merger of Neles into Valmet was completed on April 1, 2022. The integration of Flow Control (former Neles) into Valmet is proceeding according to the plan. Most of the cost synergy actions regarding function costs, common locations and supply chain were implemented already during 2022. Sales synergies have developed well. Valmet expects to generate annual run rate synergies of approximately EUR 25 million, of which approximately 60 percent are expected to be achieved by the end of 2023 and approximately 90 percent by the end of 2024.

Key figures[1]

EUR million	**Q3/2023**	Q3/2022	Change	**Q1–Q3/ 2023**	Q1–Q3/ 2022	Change
Orders received	**980**	1,178	-17%	**3,801**	3,809	0%
Order backlog[2]	**4,133**	4,672	-12%	**4,133**	4,672	-12%
Net sales	**1,295**	1,288	1%	**4,033**	3,534	14%
Comparable EBITA	**150**	136	11%	**437**	337	29%
% of net sales	**11.6%**	10.5%		**10.8%**	9.5%	
EBITA	**147**	132	11%	**433**	360	20%
% of net sales	**11.3%**	10.2%		**10.7%**	10.2%	
Operating profit (EBIT)	**127**	97	30%	**359**	280	28%
% of net sales	**9.8%**	7.6%		**8.9%**	7.9%	
Profit before taxes	**120**	98	23%	**340**	279	22%
Profit for the period	**86**	71	21%	**256**	217	18%
Earnings per share, EUR	**0.47**	0.38	21%	**1.38**	1.25	10%
Adjusted earnings per share, EUR	**0.52**	0.51	3%	**1.63**	1.56	5%
Equity per share, EUR[2]	**13.49**	13.21	2%	**13.49**	13.21	2%
Cash flow provided by operating activities	**57**	115	-50%	**229**	49	>100%
Cash flow after investments	**31**	88	-65%	**135**	100	34%
Comparable return on capital employed (Comparable ROCE) before taxes (LTM)				**16%**	16%	
Return on capital employed (ROCE) before taxes (LTM)				**15%**	17%	
Return on equity (ROE) (LTM)				**15%**	17%	
Net debt to EBITDA[4] ratio[3]				**0.74**	0.71	
Gearing[2]				**21%**	18%	
Equity to assets ratio[2]				**46%**	47%	

[1] *The calculation of key figures is presented on page 55.*
[2] *At end of period.*
[3] *Net debt to EBITDA ratio is a new alternative performance measure. It enables users of the financial information to prepare more meaningful analysis on Valmet's performance and is presented with comparatives from Q1/2023 onwards.*
[4] *Last twelve months' EBITDA*

LTM = Last twelve months

Segment key figures

Orders received, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Services	**349**	427	-18%	**1,356**	1,338	1%
Automation	**289**	306	-6%	**1,021**	758	35%
Flow Control	*185*	*189*	*-2%*	*613*	*387*	*58%*
Automation Systems	*104*	*117*	*-12%*	*408*	*371*	*10%*
Process Technologies	**343**	444	-23%	**1,424**	1,713	-17%
Pulp and Energy	*138*	*211*	*-35%*	*626*	*792*	*-21%*
Paper	*205*	*233*	*-12%*	*798*	*921*	*-13%*
Total	**980**	1,178	-17%	**3,801**	3,809	0%

Net sales, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Services	**429**	381	13%	**1,275**	1,101	16%
Automation	**312**	296	5%	**953**	676	41%
Flow Control	*192*	*183*	*5%*	*581*	*360*	*62%*
Automation Systems	*120*	*114*	*5%*	*372*	*317*	*17%*
Process Technologies	**554**	610	-9%	**1,805**	1,757	3%
Pulp and Energy	*250*	*256*	*-2%*	*799*	*798*	*0%*
Paper	*304*	*355*	*-14%*	*1,006*	*959*	*5%*
Total	**1,295**	1,288	1%	**4,033**	3,534	14%

Comparable EBITA, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Services	**79**	55	45%	**221**	142	55%
Automation	**58**	52	12%	**169**	112	50%
Process Technologies	**25**	36	-31%	**84**	107	-21%
Other	**-12**	-7	72%	**-37**	-25	52%
Total	**150**	136	11%	**437**	337	29%

Comparable EBITA, % of net sales	Q3/2023	Q3/2022	Q1–Q3/ 2023	Q1–Q3/ 2022
Services	**18.4%**	14.3%	**17.3%**	12.9%
Automation	**18.7%**	17.6%	**17.7%**	16.6%
Process Technologies	**4.5%**	5.8%	**4.7%**	6.1%
Total	**11.6%**	10.5%	**10.8%**	9.5%

EBITA, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Services	**79**	55	44%	**222**	134	65%
Automation	**58**	48	21%	**165**	99	67%
Process Technologies	**25**	36	-30%	**86**	98	-12%
Other	**-15**	-7	>100%	**-40**	29	
Total	**147**	132	11%	**433**	360	20%

News conference and webcast for analysts, investors and media

Valmet will arrange a news conference in English as a live webcast at https://valmet.videosync.fi/q3-2023 on Wednesday, October 25, 2023, at 2:00 p.m. Finnish time (EEST). President and CEO Pasi Laine and CFO Katri Hokkanen will be presenting the results.

Recording of the webcast will be available shortly after the event at the same address.

It is possible to take part in the news conference through a conference call by registering through the link below:

http://palvelu.flik.fi/teleconference/?id=1009890

After the registration you will be provided phone numbers and a conference ID to access the conference. If you wish to ask a question during the conference, please dial *5 on your telephone keypad to enter the question queue.

All questions should be presented in English.

The event can also be followed on social media platform X at www.x.com/valmetir.

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Orders received decreased 17 percent in Q3/2023

Orders received, EUR million	**Q3/2023**	Q3/2022	Change	**Q1–Q3/ 2023**	Q1–Q3/ 2022	Change
Services	**349**	427	-18%	**1,356**	1,338	1%
Automation	**289**	306	-6%	**1,021**	758	35%
Flow Control	*185*	*189*	*-2%*	*613*	*387*	*58%*
Automation Systems	*104*	*117*	*-12%*	*408*	*371*	*10%*
Process Technologies	**343**	444	-23%	**1,424**	1,713	-17%
Pulp and Energy	*138*	*211*	*-35%*	*626*	*792*	*-21%*
Paper	*205*	*233*	*-12%*	*798*	*921*	*-13%*
Total	**980**	1,178	-17%	**3,801**	3,809	0%

Orders received, comparable foreign exchange rates, EUR million[1]	**Q3/2023**	Q3/2022	Change	**Q1–Q3/ 2023**	Q1–Q3/ 2022	Change
Services	**370**	427	-13%	**1,394**	1,338	4%
Automation	**304**	306	-1%	**1,041**	758	37%
Flow Control	*196*	*189*	*4%*	*625*	*387*	*61%*
Automation Systems	*108*	*117*	*-8%*	*416*	*371*	*12%*
Process Technologies	**358**	444	-20%	**1,458**	1,713	-15%
Pulp and Energy	*140*	*211*	*-34%*	*637*	*792*	*-20%*
Paper	*217*	*233*	*-7%*	*821*	*921*	*-11%*
Total	**1,031**	1,178	-12%	**3,893**	3,809	2%

[1] *Indicative only. January–September 2023 orders received in euro calculated by applying January–September 2022 average exchange rates to the functional currency orders received values reported by entities.*

Orders received, EUR million	**Q3/2023**	Q3/2022	Change	**Q1–Q3/ 2023**	Q1–Q3/ 2022	Change
North America	**291**	270	8%	**1,012**	860	18%
South America	**60**	78	-23%	**347**	262	32%
EMEA	**282**	411	-31%	**1,320**	1,553	-15%
China	**220**	107	>100%	**530**	527	1%
Asia-Pacific	**127**	312	-59%	**590**	606	-3%
Total	**980**	1,178	-17%	**3,801**	3,809	0%

Orders received by segment, Q1–Q3/2023

Orders received by area, Q1–Q3/2023

July–September 2023: Orders received decreased in all three segments

Orders received decreased 17 percent to EUR 980 million (EUR 1,178 million) in July–September. Orders received decreased in all three segments. Stable business (Services and Automation segments) accounted for 65 percent (62%) of Valmet's orders received.

Orders received increased in China and North America, and decreased in Asia-Pacific, EMEA and South America. Measured by orders received, the top three countries were the USA, China and Indonesia, which together accounted for 56 percent of total orders received.

Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased orders received by approximately EUR 51 million in July–September.

During July–September, Valmet received among others an order for a tissue production line including an extensive automation package, flow control valves and Industrial Internet solutions to the USA.

January–September 2023: Orders received remained at the previous year's level

Orders received remained at the previous year's level and amounted to EUR 3,801 million (EUR 3,809 million) in January–September. Flow Control (former Neles) has been consolidated into Valmet as of April 1, 2022. Orders received increased in the Automation segment, remained at the previous year's level in the Services segment, and decreased in the Process Technologies segment. Stable business (Services and Automation segments) accounted for 63 percent (55%) of Valmet's orders received.

Orders received increased in South America and North America, remained at the previous year's level in China and Asia-Pacific and decreased in EMEA. Measured by orders received, the top three countries were the USA, China and Indonesia, which together accounted for 45 percent of total orders received.

Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased orders received by approximately EUR 92 million during January–September.

In addition to the above-mentioned, during January–September, Valmet received among others an order for a coated board machine to the United States, typically valued between EUR 140 and 180 million, an order for a fine paper making line with automation, spare parts and consumables packages to China, a pulp technology order to Portugal, an order for key pulp and paper technologies to India, typically valued between EUR 40 and 60 million, a tissue line order with an extensive package of stock preparation, automation and service solutions to Sweden, and an order for key pulp mill technology to a new pulp mill in China.

Order backlog amounted to EUR 4.1 billion

Order backlog, EUR million	As at September 30, 2023	As at September 30, 2022	Change	As at June 30, 2023
Total	**4,133**	4,672	-12%	4,414

Order backlog amounted to EUR 4,133 million at the end of the reporting period, which is 6 percent lower than at the end of June 2023 and 12 percent lower than at the end of September 2022. Approximately 25 percent of the order backlog relates to the Services segment, 15 percent to the Automation segment, and 60 percent to the Process Technologies segment (same split in the end of September 2022). Approximately 30 percent of the order backlog is currently expected to be realized as net sales during 2023 (at the end of September 2022, approximately 30% was expected to be realized as net sales during 2022).

Net sales remained at the previous year's level in Q3/2023

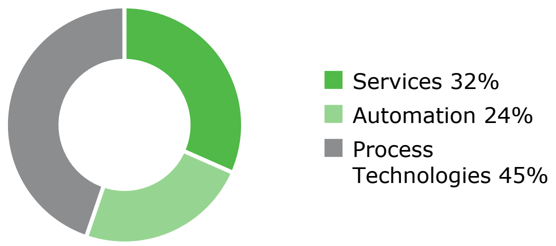
Net sales, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Services	**429**	381	13%	**1,275**	1,101	16%
Automation	**312**	296	5%	**953**	676	41%
Flow Control	*192*	*183*	*5%*	*581*	*360*	*62%*
Automation Systems	*120*	*114*	*5%*	*372*	*317*	*17%*
Process Technologies	**554**	610	-9%	**1,805**	1,757	3%
Pulp and Energy	*250*	*256*	*-2%*	*799*	*798*	*0%*
Paper	*304*	*355*	*-14%*	*1,006*	*959*	*5%*
Total	**1,295**	1,288	1%	**4,033**	3,534	14%

Net sales, comparable foreign exchange rates, EUR million[1]	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Services	**451**	381	18%	**1,309**	1,101	19%
Automation	**325**	296	10%	**971**	676	44%
Flow Control	*202*	*183*	*11%*	*593*	*360*	*65%*
Automation Systems	*123*	*114*	*8%*	*378*	*317*	*19%*
Process Technologies	**573**	610	-6%	**1,850**	1,757	5%
Pulp and Energy	*258*	*256*	*1%*	*820*	*798*	*3%*
Paper	*315*	*355*	*-11%*	*1,029*	*959*	*7%*
Total	**1,349**	1,288	5%	**4,129**	3,534	17%

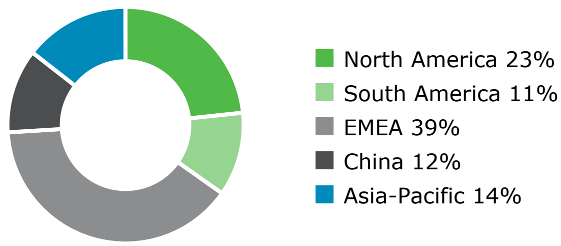
[1] *Indicative only. January–September 2023 net sales in euro calculated by applying January–September 2022 average exchange rates to the functional currency net sales values reported by entities.*

Net sales, EUR million	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
North America	**302**	262	15%	**941**	714	32%
South America	**135**	210	-36%	**462**	518	-11%
EMEA	**516**	449	15%	**1,583**	1,293	22%
China	**116**	210	-45%	**464**	600	-23%
Asia-Pacific	**226**	157	44%	**583**	409	43%
Total	**1,295**	1,288	1%	**4,033**	3,534	14%

Net sales by segment, Q1–Q3/2023



Net sales by area, Q1–Q3/2023



July–September 2023: Net sales increased in the Services and Automation segments and decreased in the Process Technologies segment

Net sales remained at the previous year’s level and amounted to EUR 1,295 million (EUR 1,288 million) in July–September. Net sales increased in the Services and Automation segments and decreased in the Process Technologies segment. Stable business (Services and Automation segments) accounted for 57 percent (53%) of Valmet’s net sales.

Net sales increased in Asia-Pacific, North America and EMEA, and decreased in China and South America. Measured by net sales, the top three countries were the USA, Indonesia and China, which together accounted for 38 percent of total net sales.

Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased net sales by approximately EUR 54 million in July–September.

January–September 2023: Net sales increased 14 percent

Net sales increased 14 percent to EUR 4,033 million (EUR 3,534 million) during January–September. Large part of the increase came from Flow Control (former Neles), which has been consolidated into Valmet as of April 1, 2022. Stable business (Services and Automation segments) accounted for 55 percent (50%) of Valmet’s net sales. Net sales increased in the Automation and Services segments and remained at the previous year's level in the Process Technologies segment.

Net sales increased in Asia-Pacific, North America and EMEA, and decreased in China and South America. Measured by net sales, the top three countries were the USA, China and Brazil, which together accounted for 38 percent of total net sales.

Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased net sales by approximately EUR 96 million during January–September.

Comparable EBITA increased 11 percent and Comparable EBITA margin increased to 11.6 percent in Q3/2023

Comparable EBITA, EUR million	**Q3/2023**	Q3/2022	Change	**Q1–Q3/ 2023**	Q1–Q3/ 2022	Change
Services	**79**	55	45%	**221**	142	55%
Automation	**58**	52	12%	**169**	112	50%
Process Technologies	**25**	36	-31%	**84**	107	-21%
Other	**-12**	-7	72%	**-37**	-25	52%
Total	**150**	136	11%	**437**	337	29%

Comparable EBITA, % of net sales	**Q3/2023**	Q3/2022		**Q1–Q3/ 2023**	Q1–Q3/ 2022	
Services	**18.4%**	14.3%		**17.3%**	12.9%	
Automation	**18.7%**	17.6%		**17.7%**	16.6%	
Process Technologies	**4.5%**	5.8%		**4.7%**	6.1%	
Total	**11.6%**	10.5%		**10.8%**	9.5%	

July–September 2023: Comparable EBITA increased in the Services and Automation segments

Comparable earnings before interest, taxes and amortization (Comparable EBITA) increased 11 percent to EUR 150 million in July–September, corresponding to 11.6 percent of net sales (EUR 136 million and 10.5%). Items affecting comparability amounted to EUR -4 million (EUR -4 million).

Comparable EBITA of the Services segment increased to EUR 79 million in July–September, corresponding to 18.4 percent of the segment's net sales (EUR 55 million and 14.3%). Comparable EBITA increased due to higher net sales.

Comparable EBITA of the Automation segment increased to EUR 58 million in July–September, corresponding to 18.7 percent of the segment's net sales (EUR 52 million and 17.6%). Comparable EBITA increased due to higher net sales.

Comparable EBITA of the Process Technologies segment decreased to EUR 25 million in July–September, corresponding to 4.5 percent of the segment's net sales (EUR 36 million and 5.8%). Margins in some Pulp and Energy projects were impacted by cost inflation.

January–September 2023: Comparable EBITA increased 29 percent and Comparable EBITA margin increased to 10.8 percent

In January–September, Valmet's Comparable EBITA increased 29 percent to EUR 437 million, i.e., 10.8 percent of net sales (EUR 337 million and 9.5%). Items affecting comparability amounted to EUR -4 million (EUR 23 million).

Comparable EBITA of the Services segment increased to EUR 221 million in January–September, corresponding to 17.3 percent of the segment's net sales (EUR 142 million and 12.9%). Comparable EBITA increased due to higher net sales.

Comparable EBITA of the Automation segment increased to EUR 169 million in January–September, corresponding to 17.7 percent of the segment's net sales (EUR 112 million and 16.6%).

Comparable EBITA of the Process Technologies segment decreased to EUR 84 million in January–September, corresponding to 4.7 percent of the segment's net sales (EUR 107 million and 6.1%). Comparable EBITA decreased as the margins in some Pulp and Energy projects were impacted by cost inflation.

Operating profit

Operating profit (EBIT) in July–September was EUR 127 million, i.e., 9.8 percent of net sales (EUR 97 million and 7.6%).

Operating profit in January–September was EUR 359 million, i.e., 8.9 percent of net sales (EUR 280 million and 7.9%). In the comparison period, Valmet recorded a gain of EUR 59 million under other operating income from remeasurement of Valmet's previously held equity interest in Neles.

Net financial income and expenses

Net financial income and expenses in July–September were EUR -7 million (EUR 0 million). Financial expenses increased due to higher interest rates and increased amount of debt.

In January–September, net financial income and expenses amounted to EUR -19 million (EUR -1 million). Financial expenses increased due to higher interest rates and increased amount of debt.

Profit before taxes and earnings per share

Profit before taxes for July–September was EUR 120 million (EUR 98 million). The profit attributable to owners of the parent in July–September was EUR 86 million (EUR 71 million), corresponding to earnings per share (EPS) of EUR 0.47 (EUR 0.38). Adjusted EPS was EUR 0.52 (EUR 0.51).

In January–September, profit before taxes was EUR 340 million (EUR 279 million). The profit attributable to owners of the parent was EUR 254 million (EUR 216 million), corresponding to an EPS of EUR 1.38 (EUR 1.25). Adjusted EPS was EUR 1.63 (EUR 1.56).

Return on capital employed (ROCE) and return on equity (ROE)

For the twelve months preceding September 30, 2023, comparable return on capital employed (comparable ROCE) before taxes was 16 percent (16%) and return on capital employed (ROCE) before taxes 15 percent (17%). Return on equity (ROE) for the corresponding period was 15 percent (17%).

Segments and business lines

Services

Orders received decreased while net sales and comparable EBITA increased in Q3/2023

Services segment	**Q3/2023**	Q3/2022	Change	**Q1–Q3/ 2023**	Q1–Q3/ 2022	Change
Orders received (EUR million)	**349**	427	-18%	**1,356**	1,338	1%
Net sales (EUR million)	**429**	381	13%	**1,275**	1,101	16%
Comparable EBITA (EUR million)	**79**	55	45%	**221**	142	55%
Comparable EBITA, %	**18.4%**	14.3%		**17.3%**	12.9%	
Personnel (end of period)				**6,470**	6,294	3%

In July–September, orders received by the Services segment decreased 18 percent to EUR 349 million (EUR 427 million). Services accounted for 36 percent (36%) of Valmet's orders received. Orders received decreased in all geographical areas and in all businesses. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased orders received by approximately EUR 21 million.

In January–September, orders received by the Services segment remained at the previous year’s level and amounted to EUR 1,356 million (EUR 1,338 million). Services accounted for 36 percent (35%) of all orders received. Orders received increased in South America, remained at the previous year's level in EMEA and Asia-Pacific, and decreased in China and North America. Orders received increased in Pulp and Energy Solutions, remained at the previous year's level in Performance Parts, and decreased in Board, Paper and Tissue Solutions, Fabrics and Rolls. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased orders received by approximately EUR 38 million.

Net sales for the Services segment amounted to EUR 429 million (EUR 381 million) in July–September, corresponding to 33 percent (30%) of Valmet’s net sales. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased net sales by approximately EUR 21 million.

In January–September, net sales for the Services segment amounted to EUR 1,275 million (EUR 1,101 million), corresponding to 32 percent (31%) of Valmet’s net sales. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased net sales by approximately EUR 33 million.

Comparable EBITA of the Services segment increased to EUR 79 million in July–September, corresponding to 18.4 percent of the segment's net sales (EUR 55 million and 14.3%). Comparable EBITA increased due to higher net sales.

In January–September, comparable EBITA of the Services segment increased to EUR 221 million, corresponding to 17.3 percent of the segment's net sales (EUR 142 million and 12.9%). Comparable EBITA increased due to higher net sales.

The Services segment was affected by cost inflation and longer delivery times of certain components during January–September 2023.

Automation

Orders received decreased while net sales and comparable EBITA increased in Q3/2023

Automation segment	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Orders received (EUR million)	**289**	306	-6%	**1,021**	758	35%
Net sales (EUR million)	**312**	296	5%	**953**	676	41%
Comparable EBITA (EUR million)	**58**	52	12%	**169**	112	50%
Comparable EBITA, %	**18.7%**	17.6%		**17.7%**	16.6%	
Personnel (end of period)				**5,129**	4,862	5%

In July–September, orders received by the Automation segment decreased 6 percent to EUR 289 million (EUR 306 million). Automation accounted for 29 percent (26%) of Valmet's orders received. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased orders received by approximately EUR 15 million.

In January–September, orders received by the Automation segment increased 35 percent to EUR 1,021 million (EUR 758 million), mostly due to Flow Control (former Neles) being consolidated into Valmet as of April 1, 2022. Automation segment accounted for 27 percent (20%) of Valmet's orders received. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased orders received by approximately EUR 20 million.

Net sales for the Automation segment amounted to EUR 312 million (EUR 296 million) in July–September, corresponding to 24 percent (23%) of Valmet's net sales. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased net sales by approximately EUR 14 million.

In January–September, net sales for the Automation segment amounted to EUR 953 million (EUR 676 million), corresponding to 24 percent (19%) of Valmet's net sales. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased net sales by approximately EUR 18 million.

Comparable EBITA of the Automation segment increased to EUR 58 million in July–September, corresponding to 18.7 percent of the segment's net sales (EUR 52 million and 17.6%). Comparable EBITA increased due to higher net sales.

In January–September, comparable EBITA of the Automation segment increased to EUR 169 million, corresponding to 17.7 percent of the segment's net sales (EUR 112 million and 16.6%).

Flow Control business line	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Orders received (EUR million)	**185**	189	-2%	**613**	387	58%
Net sales (EUR million)	**192**	183	5%	**581**	360	62%
Personnel (end of period)				**2,835**	2,831	0%

In July–September, orders received by the Flow Control business line remained at the previous year’s level and amounted to EUR 185 million (EUR 189 million). Flow Control accounted for 19 percent (16%) of Valmet's orders received. Orders received increased in Asia-Pacific and EMEA, remained at the previous year's level in North America and decreased in China and South America. Orders received remained at the previous year's level in all businesses.

In January–September, orders received by the Flow Control business line amounted to EUR 613 million (EUR 387 million) and accounted for 16 percent (10%) of Valmet's orders received. Flow Control was not yet part of Valmet in Q1/2022.

Net sales for the Flow Control business line amounted to EUR 192 million (EUR 183 million) in July–September, corresponding to 15 percent (14%) of Valmet’s net sales.

In January–September, net sales for the Flow Control business line amounted to EUR 581 million (EUR 360 million), corresponding to 14 percent (10%) of Valmet’s net sales.

Automation Systems business line	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Orders received (EUR million)	**104**	117	-12%	**408**	371	10%
Net sales (EUR million)	**120**	114	5%	**372**	317	17%
Personnel (end of period)				**2,294**	2,031	13%

In July–September, orders received by the Automation Systems business line decreased 12 percent to EUR 104 million (EUR 117 million) and accounted for 11 percent (10%) of Valmet's orders received. Orders received increased in North America and China, and decreased in all other geographical areas. Orders received decreased in both Pulp and Paper, and Energy and Process.

In January–September, orders received by the Automation Systems business line increased 10 percent to EUR 408 million (EUR 371 million). Automation Systems accounted for 11 percent (10%) of Valmet’s orders received. Orders received increased in North America and Asia-Pacific, remained at the previous year's level in EMEA and China and decreased in South America. Orders received increased in both Pulp and Paper, and Energy and Process.

Net sales for the Automation Systems business line amounted to EUR 120 million (EUR 114 million) in July–September, corresponding to 9 percent (9%) of Valmet’s net sales.

In January–September, net sales for the Automation Systems business line amounted to EUR 372 million (EUR 317 million), corresponding to 9 percent (9%) of Valmet’s net sales.

Delivery times of certain components were longer during January–September 2023.

Process Technologies

Orders received, net sales and comparable EBITA decreased in Q3/2023

Process Technologies segment	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Orders received (EUR million)	**343**	444	-23%	**1,424**	1,713	-17%
Net sales (EUR million)	**554**	610	-9%	**1,805**	1,757	3%
Comparable EBITA (EUR million)	**25**	36	-31%	**84**	107	-21%
Comparable EBITA, %	**4.5%**	5.8%		**4.7%**	6.1%	
Personnel (end of period)				**5,685**	5,615	1%

In July–September, orders received by the Process Technologies segment decreased 23 percent to EUR 343 million (EUR 444 million). Process Technologies accounted for 35 percent (38%) of Valmet's orders received. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased orders received by approximately EUR 15 million.

In January–September, orders received by the Process Technologies segment decreased 17 percent to EUR 1,424 million (EUR 1,713 million) and accounted for 37 percent (45%) of Valmet's orders received. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased orders received by approximately EUR 34 million.

Net sales for the Process Technologies segment amounted to EUR 554 million (EUR 610 million) in July–September, corresponding to 43 percent (47%) of Valmet’s net sales. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased net sales by approximately EUR 19 million.

In January–September, net sales for the Process Technologies segment amounted to EUR 1,805 million (EUR 1,757 million), corresponding to 45 percent (50%) of Valmet’s net sales. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2022 decreased net sales by approximately EUR 45 million.

Comparable EBITA of the Process Technologies segment decreased to EUR 25 million in July–September, corresponding to 4.5 percent of the segment's net sales (EUR 36 million and 5.8%). Margins in some Pulp and Energy projects were impacted by cost inflation.

In January–September, comparable EBITA of the Process Technologies segment decreased to EUR 84 million, corresponding to 4.7 percent of the segment's net sales (EUR 107 million and 6.1%). Comparable EBITA decreased as the margins in some Pulp and Energy projects were impacted by cost inflation.

Pulp and Energy business line	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Orders received (EUR million)	**138**	211	-35%	**626**	792	-21%
Net sales (EUR million)	**250**	256	-2%	**799**	798	0%
Personnel (end of period)				**1,945**	1,897	3%

In July–September, orders received by the Pulp and Energy business line decreased 35 percent to EUR 138 million (EUR 211 million). Pulp and Energy accounted for 14 percent (18%) of Valmet's orders received. Orders received increased in North America, South America and China, and decreased in EMEA and Asia-Pacific. Orders received decreased in both Pulp and Energy.

In January–September, orders received by the Pulp and Energy business line decreased 21 percent to EUR 626 million (EUR 792 million). Pulp and Energy accounted for 16 percent (21%) of all orders received. Orders received increased in China and Asia-Pacific, remained at the previous year's level in South America and decreased in EMEA and North America. Orders received decreased in both Pulp and Energy.

Net sales for the Pulp and Energy business line amounted to EUR 250 million (EUR 256 million) in July–September, corresponding to 19 percent (20%) of Valmet’s net sales.

In January–September, net sales for the Pulp and Energy business line amounted to EUR 799 million (EUR 798 million), corresponding to 20 percent (23%) of Valmet’s net sales.

Cost inflation impacted Pulp and Energy’s business environment during January–September 2023.

Paper business line	Q3/2023	Q3/2022	Change	Q1–Q3/ 2023	Q1–Q3/ 2022	Change
Orders received (EUR million)	**205**	233	-12%	**798**	921	-13%
Net sales (EUR million)	**304**	355	-14%	**1,006**	959	5%
Personnel (end of period)				**3,740**	3,718	1%

In July–September, orders received by the Paper business line decreased 12 percent to EUR 205 million (EUR 233 million). Paper business line accounted for 21 percent (20%) of Valmet's orders received. Orders received increased in China and North America, and decreased in all other areas. Orders received increased in Tissue, and Small and Medium size Machines, and decreased in Stock Preparation and Recycled Fiber, as well as in Board and Paper.

In January–September, orders received by the Paper business line decreased 13 percent to EUR 798 million (EUR 921 million) and accounted for 21 percent (24%) of all orders received. Orders received increased in North America and South America and decreased in EMEA, Asia-Pacific and China. Orders received increased in Small and Medium size Machines and decreased in all other businesses.

Net sales for the Paper business line amounted to EUR 304 million (EUR 355 million) in July–September, corresponding to 23 percent (28%) of Valmet’s net sales.

In January–September, net sales for the Paper business line amounted to EUR 1,006 million (EUR 959 million), corresponding to 25 percent (27%) of Valmet’s net sales.

Cash flow and financing

Cash flow provided by operating activities amounted to EUR 57 million (EUR 115 million) in July–September and EUR 229 million (EUR 49 million) in January–September. Change in net working capital in the statement of cash flows was EUR -85 million (EUR -20 million) in July–September and EUR -125 million (EUR -212 million) in January–September.

Net working capital increased in both Process Technologies and stable business and totaled EUR -65 million (EUR -265 million) at the end of the reporting period. Net working capital includes liability of EUR 120 million (EUR 0 million) for the second installment of dividend paid in October 2023. Valmet's net working capital profile has changed due to increased portion of stable business, which typically ties up more net working capital than Process Technologies. In addition, inventories have remained at an elevated level and payment schedules of large long-term projects have a significant impact on net working capital development.

Cash flow after investments totaled EUR 31 million (EUR 88 million) in July–September, and EUR 135 million (EUR 100 million) in January–September.

In compliance with the resolution of the Annual General Meeting, on April 5, 2023, Valmet paid out the first instalment of dividend for year 2022, EUR 120 million, corresponding to EUR 0.65 per share.

At the end of September, net debt to EBITDA ratio was 0.74 (0.71) and gearing 21 percent (18%). Equity to assets ratio was 46 percent (47%). Interest-bearing liabilities amounted to EUR 1,055 million (EUR 883 million), and net interest-bearing liabilities totaled EUR 531 million (EUR 428 million) at the end of the reporting period.

The average interest rate of Valmet's total debt was 3.6 percent and average maturity of non-current debt was 2.9 years at the end of September. Lease liabilities have been excluded from calculation of these two key performance indicators.

Valmet's liquidity was strong at the end of the reporting period, with cash and cash equivalents amounting to EUR 499 million (EUR 422 million) and interest-bearing current financial assets totaling EUR 25 million (EUR 32 million). Valmet's liquidity was secured with a committed revolving credit facility of EUR 300 million, which was undrawn at the end of the reporting period. The facility will mature in October 2025 with 1-year extension option dependent on the approval of the banks concerned. Liquidity was additionally secured by an uncommitted commercial paper program worth of EUR 300 million, of which EUR 221 million was outstanding at the end of the reporting period.

Capital expenditure

Gross capital expenditure (excluding business combinations and right-of-use assets) totaled EUR 27 million (EUR 29 million) in July–September, of which maintenance investments were EUR 12 million (EUR 11 million).

In January–September, gross capital expenditure (excluding business combinations and right-of-use assets) totaled EUR 89 million (EUR 80 million), of which maintenance investments amounted to EUR 38 million (EUR 26 million).

Acquisitions and disposals

Acquisitions

NovaTech Process Solutions

On November 9, 2022, Valmet announced that it has entered into an agreement to acquire the U.S. based NovaTech Automation's Process Solutions business. On January 3, 2023, Valmet announced that the acquisition has been completed. The value of the acquisition was not disclosed. The acquired business specializes in process control and optimization solutions for batch, continuous and hybrid processes. It serves customers mainly in process industries such as food and beverage, pharmaceuticals and chemical products. With a turnover of approximately USD 18 million, it employs 76 people in the United States and the Benelux countries. The acquisition excludes NovaTech Automation's other divisions. The NovaTech Automation Process Solutions business was integrated into Valmet's Automation Systems business line and is included in Valmet's financial reporting since the interim report for January–March, 2023.

Körber Group's Business Area Tissue

On July 7, 2023, Valmet announced that it has entered into an agreement to acquire Körber Group's Business Area Tissue. The Business Area Tissue specializes in innovative converting and packaging technologies and services for the tissue industry. In 2022, its net sales amounted to EUR 305 million and adjusted EBITDA margin was approximately 12 percent. The company has a strong and growing services business, which accounted for 36 percent of total net sales in 2022. The business employs around 1,170 employees in Italy, Brazil, the U.S., China and Japan.

The enterprise value of the acquisition is approximately EUR 380 million on a cash and debt free basis subject to ordinary post-closing adjustments. The acquisition is estimated to be completed at the earliest on November 2, 2023, subject to competition authority approvals. The transaction consideration will be paid in cash upon the completion. Valmet will finance the acquisition with debt. The financing package for the acquisition consists of two facilities, a EUR 250 million term loan facility maturing in January 2028 and a EUR 150 million term loan facility maturing in two years from the closing of the acquisition.

Valmet estimates that the acquisition will bring sales, service and cost synergies worth of EUR 8 million by the end of 2026. The acquired business will be integrated into Valmet's Paper business line as a separate business unit. In Valmet's reporting, the process technology part of the business will be consolidated to Paper business line and the services part to the Services business line.

Process Gas Chromatography business of Siemens AG

On July 17, 2023, Valmet announced that it has entered into an agreement to acquire the Process Gas Chromatography business of Siemens AG. The value of the acquisition is EUR 102.5 million on a cash and debt-free basis subject to customary adjustments. The acquisition is estimated to be completed on April 1, 2024, at the earliest, upon completion of carve-out measures and customary closing conditions.

The Process Gas Chromatography business of Siemens AG is a market leader with its Maxum II Gas Chromatograph platform, Systems Integration, and Customer Services offering. Gas Chromatographs are used to measure the chemical composition in gases and evaporable liquids in all stages of production. In 2022, net sales of the business amounted to approximately EUR 120 million and pro-forma adjusted EBITDA margin was approximately 10 percent. The business employs around 300 people, and its main locations are in the USA, Germany, and Singapore. The acquired business is planned to be integrated into Valmet's Automation Systems business line as a separate business unit.

Disposals

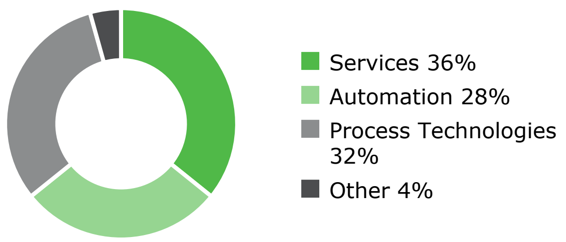
Valmet made no disposals during January–September 2023.

Personnel

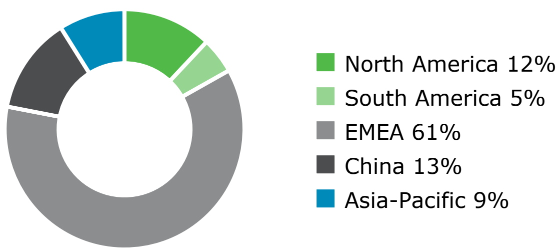
Personnel	**As at September 30, 2023**	As at September 30, 2022	Change	As at June 30, 2023
Services	**6,470**	6,294	3%	6,507
Automation	**5,129**	4,862	5%	5,165
Flow Control	*2,835*	*2,831*	*0%*	*2,885*
Automation Systems	*2,294*	*2,031*	*13%*	*2,280*
Process Technologies	**5,685**	5,615	1%	5,736
Pulp and Energy	*1,945*	*1,897*	*3%*	*1,930*
Paper	*3,740*	*3,718*	*1%*	*3,806*
Other	**782**	740	6%	786
Total	**18,066**	17,511	3%	18,194

Personnel	**As at September 30, 2023**	As at September 30, 2022	Change	As at June 30, 2023
North America	**2,169**	2,033	7%	2,139
South America	**875**	823	6%	862
EMEA	**11,057**	10,768	3%	11,234
China	**2,354**	2,330	1%	2,347
Asia-Pacific	**1,611**	1,557	3%	1,612
Total	**18,066**	17,511	3%	18,194

Personnel by segment as at September 30, 2023



Personnel by area as at September 30, 2023



During January–September, Valmet employed an average of 17,920 people (16,254). The number of personnel at the end of September was 18,066 (17,511). Personnel expenses totaled EUR 945 million (EUR 856 million) in January–September, of which wages, salaries and remuneration amounted to EUR 743 million (EUR 669 million).

Changes in Valmet’s Executive Team

On February 14, 2023, Valmet announced that Vesa Simola, Area President, EMEA at Valmet, has decided to continue his career outside the company. Vesa Simola continued as member of Valmet's Executive Team and lead the company's EMEA Area until the end of May, 2023.

On April 28, 2023, Valmet announced that Tero Kokko, Ph.D. (Eng.), M.Sc. (Econ), has been appointed President, EMEA at Valmet as of June 1, 2023. In his new position, Tero Kokko is a member of Valmet's Executive Team and reports to President and CEO Pasi Laine. Tero Kokko previously worked in Valmet's Services business line as Vice President, Fabrics business unit. Prior to this, he worked in various management positions at Cargotec and its subsidiary Kalmar since 2011 and in Metso's Automation business between 2004–2011.

On June 21, 2023, Valmet announced that Petri Rasinmäki (M.Sc. Eng, MBA) has been appointed Business Line President, Paper, at Valmet as of September 1, 2023. In his new position, Petri Rasinmäki is a member of Valmet’s Executive Team reporting to President and CEO Pasi Laine. Petri Rasinmäki previously held the position of Vice President, Board and Paper Mills business unit at Valmet’s Paper business line. Prior to this, he worked in various management positions at Valmet and Metso since 2004. Jari Vähäpesola, the former Business Line President, Paper, has decided to retire after a long, successful career at Valmet as of December 1, 2023.

On August 18, 2023, Valmet announced that Valmet’s Board of Directors has accepted the resignation of Valmet’s President and CEO Pasi Laine and related terms and conditions. The Board of Directors has initiated the search for a successor. Pasi Laine will continue as the President and CEO of Valmet until the successor is appointed and ready to step in.

On August 22, 2023, Valmet announced that Julia Macharey, Senior Vice President Human Resources and Operational Development of Valmet has decided to leave the company to move into a new position outside Valmet. Julia Macharey will continue as an active member of Valmet’s Executive Team and lead Valmet’s HR and Operational Development until the end of January 2024.

Investments in production

On May 2, 2023, Valmet announced that it will further strengthen its press felt production capabilities in Tampere, Finland, by investing in a new weaving machine and a new heat-setting machine in addition to the ongoing press felt investment announced in August 2022. The value of the new investment will not be disclosed. The investments will safeguard Valmet's press felt production capacity for years to come and strengthen Valmet's position as one of the leading press felt suppliers globally.

Update on the impacts of Russia's invasion of Ukraine

Valmet's withdrawal from Russia is proceeding and expected to be completed by the end of 2023. At the end of September 2023, Valmet did not have employees in Russia (at the end of 2022, there were approximately 30 employees in Russia).

Strategy and targets

Valmet's strategy is: Valmet develops and supplies competitive and reliable process technologies, services and automation to the pulp, paper and energy industries. Our automation business covers a wide base of global process industries. We are committed to moving our customers' performance forward with our unique offering and way to serve.

Valmet's mission is converting renewable resources into sustainable results. Valmet's vision is to become the global champion in serving its customers and in moving the industries forward.

Valmet seeks to achieve its strategic targets by continuous improvement and renewal. Valmet has the following Must-Win initiatives: 'Customer excellence', 'Leader in technology and innovation', 'Excellence in processes' and 'Winning team', as well as selected Business Accelerators.

Valmet's product and services offering consists of process technologies that increase the value of the customers' end products, automation systems and flow control solutions, productivity enhancing services, plant upgrades and rebuilds, new cost-efficient equipment and solutions for optimizing raw material and energy usage.

Valmet has an annual strategy process, where, among others, Valmet's strategy, Must-Wins and financial targets are reviewed.

Valmet's financial targets are the following:

Financial targets

- Net sales for Services and Automation segments to grow over two times the market growth
- Net sales for Process Technologies segment to exceed market growth
- Comparable EBITA: 12–14%
- Comparable return on capital employed (ROCE) before taxes: at least 15%
- Dividend payout at least 50% of net profit

Actions to reach Comparable EBITA target of 12–14%

Valmet continues to focus on improving profitability through implementing its four Must-Win initiatives: 'Customer excellence', 'Leader in technology and innovation', 'Excellence in processes' and 'Winning team'. Valmet targets to increase the comparable EBITA margin in all three segments.

Customer excellence

Valmet aims to strengthen its customer base by implementing effective sales management practices and cultivating close relationships with customers. Valmet is targeting to increase its market share in Services and Automation by growing over two times the market. In Process Technologies, Valmet aims to maintain and improve its market share.

Leader in technology and innovation

Valmet is known for its world-class technology and is always looking to bring advanced and innovative solutions to the market. Furthermore, Valmet is placing a strong emphasis on product cost competitiveness.

Excellence in processes

Valmet is continuously developing and improving its processes. Valmet aims to ensure excellent project management and project execution. Supply chain management and efficient procurement are key for Valmet. Valmet is also streamlining its processes and renewing the ERP system.

Winning team

Valmet has a strong home base in the Nordic region but has also been increasing procurement, production, and engineering resources in cost-competitive countries. The company is investing heavily in its people, particularly through the global training portfolio, which supports the execution of the must-wins.

Progress in sustainability

In the third quarter of 2023, Valmet continued to systematically implement its Sustainability360° Agenda and Climate Program – Forward to a carbon neutral future.

Environment

Valmet has progressed well towards the targets set in its Climate Program for the entire value chain by 2030. The target of enabling carbon neutral production for all Valmet's pulp and paper customers was achieved ahead of schedule in the first half of 2023. In own operations, Valmet has taken significant steps with CO_2 emission reduction from fuels, heating, and electricity in its offices and production units around the world. Emissions from these areas have decreased by 34% since the baseline year 2019. Valmet has also engaged over 40 suppliers to take climate actions.

The implementation of Beyond Circularity, the Valmet-led R&D program and ecosystem to accelerate the green transition continued. By September 30, 2023, more than 130 partners have joined the program's ecosystem, and 62 internal R&D projects from all the business lines have been accepted for the program. Valmet hosted an ecosystem event 'Growing forward together' in Tampere, Finland, in September with over 180 ecosystem partners, Valmet R&D professionals and stakeholders.

Social

During the third quarter of 2023, Valmet carried out its sixth OurVoice employee survey to measure engagement and performance excellence levels and to get valuable feedback for how to develop the company forward. In total, 80 percent of employees participated in the survey. Performance excellence and engagement levels remained relatively stable with overall employee engagement improving slightly. Valmet also completed a renewed mid-year review process which is a documented discussion between manager and employee focusing on career aspirations, development, wellbeing and performance.

At the end of September 2023, the lost time incident frequency rate (LTIF) for Valmet's own employees was 1.3 (1.8) and for external workers 1.8 (2.7). As part of its commitment to preventing injuries, Valmet launched Life Saving Rules during its 10th annual health, safety and environment (HSE) awareness week. During this week activities took place in Valmet locations around the world to engage everyone in making Valmet even safer and more sustainable.

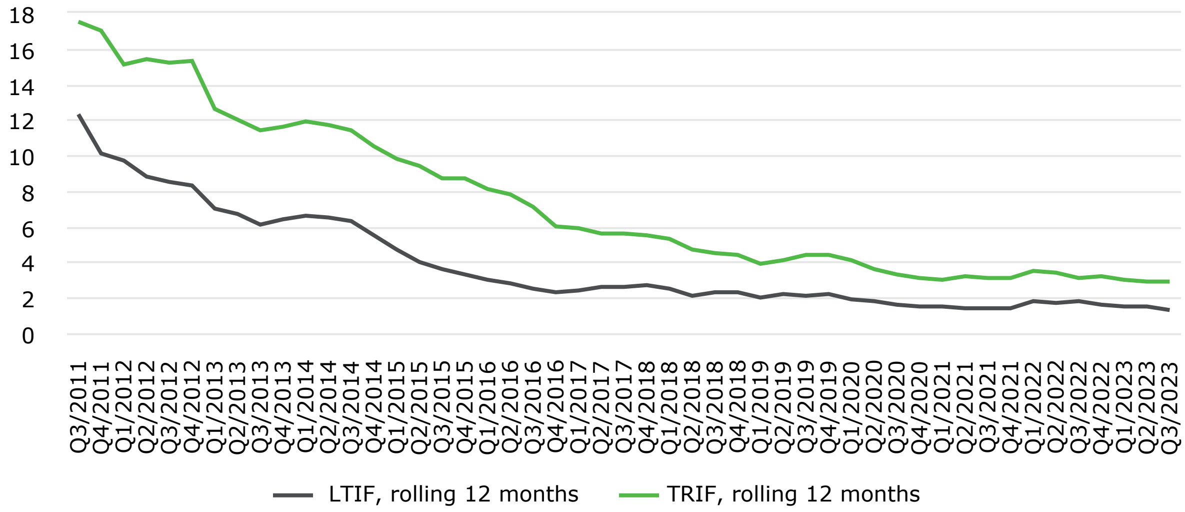
Following the expansion of Valmet's global social responsibility program at the end of 2022, the implementation of local projects continued according to plan in 2023.

Governance

By September 31, 2023, 37 supplier sustainability audits had been conducted in 13 countries in China, North America, South America, Asia Pacific and EMEA areas. The target for the entire year is 40 audits.

Valmet's AAA rating in MSCI ESG assessment was renewed in September 2023.

Lost time incident frequency (LTIF)[1] and total recordable incident frequency (TRIF)[2], own employees



[1] *LTIF reflects the number of injuries resulting in an absence of at least one work day per million hours worked.*
[2] *LTIF + medical treatment and restricted work cases*

Lawsuits and claims

Several lawsuits, claims and disputes based on various grounds are pending against Valmet in various countries, including product liability lawsuits and claims as well as legal disputes related to Valmet's deliveries. Valmet is also a plaintiff in several lawsuits.

Valmet's management does not expect to the best of its present understanding that the outcome of these lawsuits, claims and disputes will have a material adverse effect on Valmet in view of the grounds currently presented for them, provisions made, insurance coverage in force and the extent of Valmet's total business activities.

Corporate Governance Statement and Remuneration Report

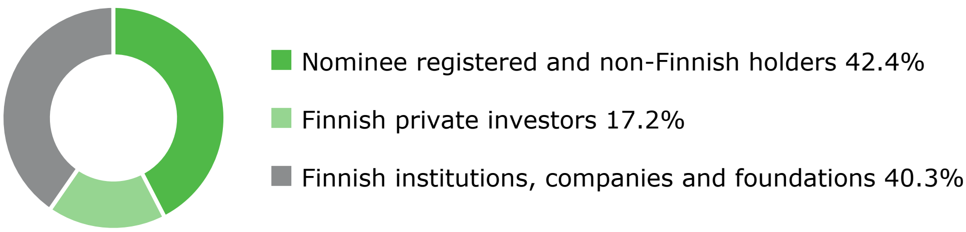
Valmet has published a separate Corporate Governance Statement and a Remuneration Report for 2022, which comply with the recommendations of the Finnish Corporate Governance Code for listed companies. These reports also cover other central areas of corporate governance, and they have been published on Valmet's website, separately from the Report of the Board of Directors, at www.valmet.com/governance.

Shares and shareholders

Share capital, number of shares and shareholders

	As at September 30, 2023	As at September 30, 2022
Share capital, EUR	**140,000,000**	140,000,000
Number of shares	**184,529,605**	184,529,605
Treasury shares	**368,500**	342,108
Shares outstanding	**184,161,105**	184,187,497
Market capitalization, EUR million	**3,997**	3,844
Number of shareholders	**98,714**	83,976

Shareholder structure as at September 30, 2023



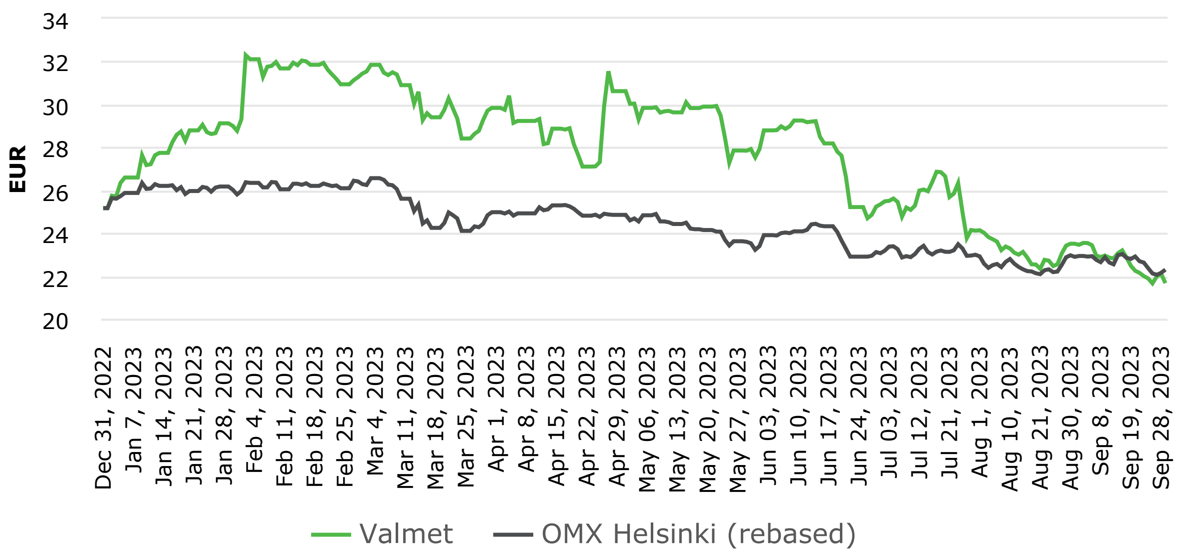
Trading of shares

Trading of Valmet shares on Nasdaq Helsinki	**January 1 – September 30, 2023**	January 1 - September 30, 2022
Number of shares traded	**75,300,863**	99,988,176
Total value, EUR million	**2,070**	2,758
High, EUR	**32.99**	38.59
Low, EUR	**21.58**	19.95
Volume-weighted average price, EUR	**27.49**	27.62
Closing price on the final day of trading, EUR	**21.66**	20.83

The closing price of Valmet's share on the final day of trading for the reporting period, June 30, 2023, was EUR 21.66, i.e., 14 percent lower than the closing price on the last day of trading in 2022 (EUR 25.16 on December 30, 2022).

In addition to Nasdaq Helsinki Ltd, Valmet's shares are also traded on other marketplaces, such as CBOE DXE, Turquoise, BATS, Chi-X and Frankfurt. A total of approximately 38 million Valmet shares were traded on these five alternative marketplaces in January–September (Source: www.valmet.com/investors/valmet-share/trading-volumes/).

Development of Valmet's share price, December 31, 2022 – September 30, 2023



Flagging notifications

During the review period, Valmet did not receive flagging notifications referred to in the Securities Market Act. More information on flagging notifications can be found at www.valmet.com/flagging-notifications.

Board authorizations regarding shares

Valmet Oyj's Annual General Meeting on March 22, 2023, authorized Valmet's Board of Directors to decide on the repurchase of a maximum number of 9,200,000 of the Company's own shares in one or several tranches. This corresponds to approximately 5.0 percent of all the shares in the Company. The Company's own shares may be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The Company's own shares may be repurchased using the unrestricted equity of the Company at a price formed on a regulated market on the official list of Nasdaq Helsinki Ltd on the date of the repurchase or at a price otherwise formed on the market.

The Company's own shares may be repurchased for reasons of developing the Company's capital structure, financing or carrying out acquisitions, investments or other business transactions, or for the shares to be used in an incentive scheme, however so that a maximum of 500,000 shares may be repurchased to be used in an incentive scheme, which corresponds to approximately 0.3 percent of all the shares in the Company. The Board of Directors decides on all other terms related to the repurchasing of the Company's own shares.

Valmet Oyj's Annual General Meeting 2023 also authorized Valmet's Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares in one or several tranches. The issuance of shares may be carried out by offering new shares or by transferring treasury shares held by Valmet Oyj. Based on this authorization, the Board of Directors may also decide on a directed share issue in deviation from the shareholders' pre-emptive rights and on the granting of special rights subject to the conditions mentioned in the Finnish Companies Act. Based on this authorization, a maximum number of 18,500,000 shares may be issued, which corresponds to approximately 10.0 percent of all the shares in

Valmet. The new shares and treasury shares may be issued for consideration or without consideration.

The Board of Directors may decide on all other terms of the issuance of shares and special rights entitling to shares pursuant to Chapter 10, Section 1 of the Finnish Companies Act. The Board of Directors may use this authorization, for example, for reasons of developing the Company’s capital structure, in financing or carrying out acquisitions, investments or other business transactions, or for the shares to be used in incentive schemes, however so that the Board of Directors may issue a maximum of 500,000 shares to be used in incentive schemes, which corresponds to approximately 0.3 percent of all the shares in the Company.

The authorizations shall remain in force until the close of the next Annual General Meeting, and they cancel the authorizations granted by the Annual General Meeting of March 22, 2022.

Based on the authorization granted by the Annual General Meeting 2023, Valmet’s Board of Directors decided on June 20, 2023, on a directed share issue related to the reward payment of Valmet’s share-based long-term incentive plans for the performance period 2022. In the share issue on June 27, 2023, a total of 11,795 Valmet’s treasury shares were conveyed without consideration to the participants of the plans, in accordance with the terms and conditions of the plans.

On the basis of the authorization by the Annual General Meeting 2023, the Board of Directors decided in its meeting on September 28, 2023, on the record date and the payment date for the second installment of the dividend for the financial year 2022. The second installment of the dividend, EUR 0.65 per share, was paid on October 12, 2023 to shareholders who were registered in the Company’s shareholders’ register maintained by Euroclear Finland Ltd on the dividend record date October 2, 2023.

As at September 30, 2023, Valmet’s Board of Directors had not used any other authorizations given by the Annual General Meeting 2023.

Share-based incentive plans

Valmet’s share-based incentive plans are part of the total compensation offered for Valmet’s key personnel. The aim of the plans is to align the interests of the shareholders and the key employees to increase the value of Valmet in the long run, to steer the key employees towards achieving the Company’s selected strategic targets, to commit the key employees to the Company, and to offer them a competitive reward plan based on holding the Company's shares. Any shares to be potentially awarded are, or have been, acquired through public trading, and therefore the incentive plans have no diluting effect on the share value.

Long-term incentive plans – Performance Share Plan and Deferred Share Plan

In its meeting on December 17, 2020, the Board of Directors of Valmet Oyj decided on new share-based long-term incentive plans, a Performance Share Plan and a Deferred Share Plan, for Valmet's key employees. The Board of Directors decides on a continuation of its share-based long-term incentive plans each year.

The Performance Share Plan is directed to the Executive Team members. It includes a three-year performance period parallel to a one-year performance period. Valmet's Board of Directors decides on the predefined performance measures and targets in the beginning of each performance period.

The Deferred Share Plan is directed to other key employees in management positions, and management talents. It includes a one-year performance period. The predefined performance measures and targets are decided by Valmet's Board of Directors and are aligned with the targets of the Performance Share Plan. The Deferred Share Plan is directed to a maximum of 130 participants, of which approximately 80 are key employees in management positions, and approximately 50 are management talents.

The Performance Share Plan includes a recommendation for the members of Valmet's Executive Team to own and hold an amount of Company shares equaling their gross annual base salary (100 percent ownership recommendation). Management shareholding can be found on Valmet's website at www.valmet.com/investors/shareholders/management-shareholding.

	Long-term incentive plans 2021–2023		**Long-term incentive plans 2022–2024**	
Plan name	Performance Share Plan and Deferred Share Plan	Performance Share Plan	Performance Share Plan and Deferred Share Plan	Performance Share Plan
Performance period	2021	2021–2023	2022	2022–2024
Incentive based on	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	Predefined strategic target	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	ESG Index, targets linked to implementing Valmet's Climate Program and Sustainability Agenda
Reward payment	In spring 2022	In spring 2024	In spring 2023	In spring 2025
Participants				
Performance Share Plan	13	10	14	12
Deferred Share Plan	102		125	
Total gross number of shares earned	Approximately 355,000 shares	Approximately 42,000 shares	Approximately 185,000 shares	Approximately 31,000 shares

	Long-term incentive plans 2023–2025	
Plan name	Performance Share Plan and Deferred Share Plan	Performance Share Plan
Performance period	2023	2023–2025
Incentive based on	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	Development of a valuation multiple of Valmet's share in comparison to peer group
Reward payment	In spring 2024	In spring 2026
Participants		
Performance Share Plan	15	14
Deferred Share Plan	128	
Total gross number of shares earned	As at September 30, 2023, a total of approximately 365,000 shares were allotted to participants	As at September 30, 2023, a total of approximately 48,000 shares were allotted to participants

In its meeting on December 20, 2022, the Board of Directors of Valmet decided to use the authorization granted by the Annual General Meeting 2022 to acquire the Company's own shares. The Board decided to initiate a fixed-term share buy-back program to acquire Valmet's own shares. The shares were acquired to meet part of the obligations arising from Valmet's share-based long-term incentive plans and the restricted pool incentive. The share acquisitions began on February 6, 2023, and ended on February 16, 2023. The number of shares acquired totaled 125,000.

Based on the authorization granted to the Board of Directors by the Annual General Meeting 2022, Valmet's Board of Directors decided in December 2022 on a directed share issue related to the reward payment of Valmet's share-based long-term incentive plans for the performance period 2022. In the share issue on March 15, 2023, a total of 91,646 Valmet's treasury shares were conveyed without consideration to the participants of the plans, in accordance with the terms and conditions of the plans.

Based on the authorization granted by the Annual General Meeting 2023, Valmet's Board of Directors decided on June 20, 2023, on a directed share issue related to the reward payment of Valmet's share-based long-term incentive plans for the performance period 2022. In the share issue on June 27, 2023, a total of 11,795 Valmet's treasury shares were conveyed without consideration to the participants of the plans, in accordance with the terms and conditions of the plans.

At the end of the reporting period, the Company held 368,500 treasury shares related to the share-based incentive programs.

More information about share-based incentive plans can be found in Valmet's Remuneration Report, which is available at www.valmet.com/governance.

Resolutions of Valmet's Annual General Meeting

The Annual General Meeting 2023 was held in Helsinki on March 22, 2023. The Annual General Meeting adopted the Financial Statements for 2022 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2022. The Annual General Meeting adopted the remuneration report for governing bodies. The decision is advisory. The Annual General Meeting approved the Board of Directors' proposals concerning authorizing the Board of Directors to decide on repurchasing the Company's own shares and to decide on the issuance of shares and the issuance of special rights entitling to shares.

The Annual General Meeting decided to pay dividends of EUR 1.30 per share for the financial period ended on December 31, 2022.

The Annual General Meeting confirmed the number of Board members as eight and reappointed Mikael Mäkinen as Chairman of Valmet Oyj's Board and Jaakko Eskola as Vice-Chairman. Aaro Cantell, Anu Hämäläinen, Pekka Kemppainen, Per Lindberg, Monika Maurer and Eriikka Söderström continue as members of the Board. The term of office of the members of the Board of Directors expires at the close of the Annual General Meeting 2024.

PricewaterhouseCoopers Oy was re-elected as the Company's auditor for a term expiring at the end of the next Annual General Meeting.

Valmet published a stock exchange release on March 22, 2023, concerning the resolutions of the Annual General Meeting and the organizing meeting of the Board of Directors. The stock exchange release and meeting materials can be viewed on Valmet's website at www.valmet.com/investors/governance/annual-general-meeting.

Risks and business uncertainties

Valmet’s operations are affected by various strategic, financial, operational and hazard risks. Valmet takes measures to exploit emerging opportunities and to limit the adverse effects of potential threats. The assessment of risks related to sustainable development holds an important role in risk management. If such threats materialized, they could have material adverse effects on Valmet’s business, financial situation and operating result, or on the value of shares and other securities.

The objective of Valmet’s risk management is to ensure the implementation of an effective and successful strategy for achieving both long- and short-term goals. The task of Valmet’s management is to regulate risk appetite.

In assessing risks, Valmet takes into consideration the probability of the risks and their estimated impact on net sales or financial results. Valmet’s management estimates that the Company’s overall risk level is currently manageable in proportion to the scope of its operations and the practical measures available for managing these risks.

Financial uncertainty in the global economy, coupled with fluctuations in exchange rates and tightening financial market regulations may have an adverse effect on the availability of financing from banks and capital markets and could reduce the investment appetite of Valmet’s customers. Valmet estimates that the high proportion of business derived from stable business (Services and Automation segments) and the geographical diversification will reduce the possible negative effects that market uncertainties may have.

If global economic growth weakens, it might have adverse effects on new projects under negotiation or on projects in the order backlog. Some projects may be postponed, suspended, or canceled. In the case of long-term delivery projects, initial customer advance payments are typically 10–30 percent of the value of the project, and customers make progress payments as the project is implemented. This significantly decreases the risks and financing requirements related to Valmet’s projects. Valmet continually assesses its customers’ creditworthiness and their ability to meet their obligations. As a rule, Valmet does not finance customer projects. If economic growth slows down significantly, the markets for Valmet’s products may shrink, which may lead to, for example, tougher price competition.

Increasing geopolitical tensions, increase of protectionist and more political regulation, and sanctions may create uncertainty to customers’ investment activity and impact Valmet’s operations. Changes and uncertainty in future regulation and legislation can have effects, especially on the energy business and the use of data.

Large fluctuations in energy prices can affect the global economy. These fluctuations can also affect Valmet and its customers.

Should the global issues with component availability and logistics continue, it could have adverse effects on Valmet's business.

Changes in labor costs and the prices of raw materials and components can affect Valmet’s profitability. Raw material and component cost inflation has been high, and wage inflation has increased. Valmet’s goal is to offset this through increased productivity and price increases. It is possible, however, that tough competition in some product categories will make it difficult to pass on cost increases to product prices. On the other hand, some of Valmet’s customers are raw material producers and their ability to operate and invest may be enhanced by strengthening commodity prices and hampered by declining commodity prices.

There may be changes in the competitive situation of Valmet’s individual businesses, such as the emergence of new, cost-effective competition in the markets. Valmet can safeguard its market position by developing its products and services, and through good customer service and local presence.

To ensure a high level of quality in both production and services, it is important to sustain a high level of competence and talent availability. This includes, for example, maintaining efficient recruitment programs, utilization of existing talent and sharing knowledge globally.

Through acquisitions, Valmet may become exposed to risks associated with new markets and business environments. The actual acquisition process also includes risks. Other risks associated with acquisitions include, but are not limited to, integration of the acquired business, increased financial risk exposure, retention of key personnel and achieving the targets set for the acquired business.

Valmet’s operations, products and services rely largely on data networks, software and digital solutions. Any malfunctions and cybersecurity breaches in such networks, software and solutions as well as potential failures in information system development projects may adversely affect Valmet’s business and financial position and lead to reputational damage.

Epidemic outbreaks and potential other pandemics remain a risk to Valmet’s operations also after COVID-19. Pandemics might have impact on customers' investment activity, the supply chain and business operations by increasing the likelihood of interruptions. Valmet’s operations are dispersed all around the world, Valmet has a global customer base and our suppliers operate in several countries. This mitigates the overall impacts of risks to Valmet, should there be any disruptions in some isolated country or case.

Management of project business risks important

An important part of Valmet’s business consists of project business. Pulp business projects in particular can be large, thus project-specific risk management is crucial. Key risks related to projects are project cost estimation, scheduling, project risk management, quality and performance risks, and materials management risks. Risk analysis shall, as a minimum, take place for all significant project quotations. The work concerning threat and opportunity assessment continues during the execution phase of the project. Risk management is based on careful planning and continuous, systematic monitoring and evaluation. Project risks are managed by improving and continuously developing project management processes and the related systems.

Availability of financing crucial

Securing the continuity of Valmet’s operations requires sufficient available funding under all circumstances. Valmet estimates that its liquid cash assets and committed credit limits are sufficient to secure its immediate liquidity and to ensure the flexibility of financing. The average maturity of Valmet’s non-current debt, excluding lease liabilities, is 2.9 years . Loan facilities include customary covenants, and Valmet is in clear compliance with the covenants at the balance sheet date.

Net working capital and capital expenditure levels have a key impact on the adequacy of Valmet’s financing. Setting aside investments into the renewal of the ERP system, Valmet does not expect any significant increase in annual capital expenditure and estimates that it is well-positioned to keep capital expenditure approximately at the level of total depreciation.

Of the financial risks that affect Valmet’s profit, currency exchange rate risks are among the most substantial. Exchange rate changes can affect Valmet’s business, although the wide geographical scope of the Company’s operations reduces the impact of any individual currency. Economic insecurity typically increases exchange rate fluctuations. Valmet hedges its currency exposures linked to firm delivery and purchase agreements.

Changes in legislation and the way authorities interpret regulation, for example regarding taxation, can also have an impact on Valmet’s financials.

As at September 30, 2023, Valmet had EUR 1,613 million (EUR 1,634 million) of goodwill on its statement of financial position. Valmet assesses the carrying value of its goodwill for impairment annually, or more frequently if facts and circumstances indicate that carrying value may not be recoverable. Valmet has not identified any indications of impairment during the reporting period. The principles used for impairment testing are presented in the financial statements.

Valmet has a strong balance sheet and liquidity. In order to diversify and mitigate the financial credit risk, funds are held with several financially-sound banks. Valmet is carefully evaluating counterparty risk and selecting only counterparties with high creditworthiness. Valmet's project business is typically cash positive, as the customers pay us advance and progress payments. Around half of Valmet's business consists of Services and Automation, where single orders are small. Furthermore, Valmet has hundreds of customers around the globe, which gives us natural hedge.

Russia's invasion of Ukraine

Russia's invasion of Ukraine causes significant risks and uncertainties to the markets affecting the entire global economic environment and financial markets. If the war is further prolonged or geopolitical tensions further increase, there could be additional adverse impacts on Valmet’s operations, customer investment activity, project deliveries, availability and prices of components, supply chain and availability of financing for both Valmet and its customers. Valmet has an Incident Management Team (IMT) to monitor the situation and manage the Company's response to the impacts of the war.

Events after the reporting period

On September 27, 2023, Valmet announced that it has signed a EUR 175 million loan agreement with the European Investment Bank (EIB). The loan was withdrawn on October 5, 2023, and its maturity is eight years. The loan will support Valmet’s Research and Development (R&D) activities focusing on technologies that replace fossil fuels with renewables. The loan agreement is linked to Valmet’s R&D activities in 2023–2026.

There have been no other subsequent events after the review period that required recognition or disclosure.

Guidance for 2023

Valmet reiterates its guidance issued on February 2, 2023, in which Valmet estimates that net sales in 2023 will increase in comparison with 2022 (EUR 5,074 million) and Comparable EBITA in 2023 will increase in comparison with 2022 (EUR 533 million).

Market outlook

General economic outlook according to IMF

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Despite economic resilience earlier this year, with progress in reducing inflation from last year's peaks, it is too soon to take comfort. Global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections remain below the historical (2000–2019) average of 3.8 percent. Forecasts for global growth over the medium term, at 3.1 percent, are at their lowest in decades. Inflation is not expected to return to target until 2025. (IMF World Economic Outlook, October 2023)

Short-term market outlook

Valmet reiterates the good/satisfactory short-term market outlook for services (capacity utilization good, customer activity satisfactory), the good short-term market outlook for flow control, automation systems and energy, and the satisfactory short-term market outlook for pulp, board and paper, and tissue.

The short-term market outlook is given for the next six months from the end of the reported period. It is based on customer activity (50%) and Valmet's capacity utilization (50%), and the scale is 'weak–satisfactory–good'.

In Espoo on October 25, 2023

Valmet's Board of Directors

Consolidated statement of income

EUR million	Q3/2023	Q3/2022	Q1–Q3/ 2023	Q1–Q3/ 2022
Net sales	**1,295**	1,288	**4,033**	3,534
Cost of goods sold	**-963**	-981	**-3,011**	-2,701
Gross profit	**332**	307	**1,022**	833
Selling, general and administrative expenses	**-209**	-215	**-671**	-612
Other operating income and expenses, net	**3**	5	**7**	54
Share in profits and losses of associated companies, operative investments	**—**	1	**2**	6
Operating profit	**127**	97	**359**	280
Financial income and expenses, net	**-7**	—	**-19**	-1
Share in profits and losses of associated companies, financial investments	**—**	—	**—**	—
Profit before taxes	**120**	98	**340**	279
Income taxes	**-34**	-27	**-85**	-63
Profit for the period	**86**	71	**256**	217
Attributable to:				
Owners of the parent	**86**	71	**254**	216
Non-controlling interests	**—**	—	**1**	—
Profit for the period	**86**	71	**256**	217
Earnings per share attributable to owners of the parent:				
Earnings per share, EUR	**0.47**	0.38	**1.38**	1.25
Diluted earnings per share, EUR	**0.47**	0.38	**1.38**	1.25

Consolidated statement of comprehensive income

EUR million	Q3/2023	Q3/2022	Q1–Q3/ 2023	Q1–Q3/ 2022
Profit for the period	**86**	71	**256**	217
Items that may be reclassified to profit or loss:				
Cash flow hedges	**-2**	—	**-23**	4
Change in fair value reserve	**—**	—	**—**	-2
Currency translation on subsidiary net investments	**13**	23	**-9**	49
Share of other comprehensive income of associated companies accounted for using equity method	**-1**	—	**-1**	—
Income tax relating to items that may be reclassified	**—**	—	**4**	—
Total items that may be reclassified to profit or loss	**10**	23	**-28**	51
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	**7**	-15	**6**	63
Share of other comprehensive income of associated companies accounted for using equity method	**—**	—	**—**	1
Income tax relating to items that will not be reclassified	**-2**	3	**-2**	-14
Total items that will not be reclassified to profit or loss	**5**	-13	**4**	50
Other comprehensive income for the period	**15**	10	**-24**	101
Total comprehensive income for the period	**101**	81	**232**	317
Attributable to:				
Owners of the parent	**101**	81	**231**	317
Non-controlling interests	**—**	—	**1**	—
Total comprehensive income for the period	**101**	81	**232**	317

Consolidated statement of financial position

Assets

EUR million	As at September 30, 2023	As at September 30, 2022	As at December 31, 2022
Non-current assets			
Intangible assets			
Goodwill	**1,613**	1,634	1,611
Other intangible assets	**979**	1,061	1,030
Total intangible assets	**2,592**	2,695	2,641
Property, plant and equipment			
Land and water areas	**41**	41	41
Buildings and structures	**152**	153	152
Machinery and equipment	**237**	215	217
Right-of-use assets	**114**	105	105
Assets under construction	**86**	96	85
Total property, plant and equipment	**630**	610	600
Other non-current assets			
Investments in associated companies	**15**	15	15
Non-current financial assets	**22**	34	22
Deferred tax assets	**66**	63	60
Non-current income tax receivables	**44**	34	33
Other non-current assets	**14**	19	14
Total other non-current assets	**161**	165	143
Total non-current assets	**3,383**	3,469	3,384
Current assets			
Inventories			
Materials and supplies	**239**	205	240
Work in progress	**448**	591	424
Finished products	**334**	298	271
Total inventories	**1,022**	1,093	934
Receivables and other current assets			
Trade receivables	**782**	688	834
Amounts due from customers under revenue contracts	**478**	437	485
Other current financial assets	**63**	110	89
Income tax receivables	**78**	87	45
Other receivables	**251**	240	223
Cash and cash equivalents	**499**	422	277
Total receivables and other current assets	**2,152**	1,984	1,953
Total current assets	**3,173**	3,077	2,887
Total assets	**6,557**	6,546	6,271

Consolidated statement of financial position

Equity and liabilities

EUR million	As at September 30, 2023	As at September 30, 2022	As at December 31, 2022
Equity			
Share capital	**140**	140	140
Reserve for invested unrestricted equity	**1,372**	1,369	1,369
Cumulative translation adjustments	**-29**	33	-20
Hedge and other reserves	**-9**	14	8
Retained earnings	**1,010**	877	997
Equity attributable to owners of the parent	**2,484**	2,434	2,494
Non-controlling interests	**6**	6	5
Total equity	**2,489**	2,439	2,499
Liabilities			
Non-current liabilities			
Non-current debt	**515**	505	555
Non-current lease liabilities	**72**	66	63
Employee benefit liabilities	**120**	136	132
Non-current provisions	**32**	34	38
Other non-current liabilities	**6**	13	8
Deferred tax liabilities	**224**	265	238
Total non-current liabilities	**970**	1,019	1,034
Current liabilities			
Current debt	**431**	279	155
Current lease liabilities	**37**	33	35
Trade payables	**472**	443	442
Current provisions	**168**	186	181
Amounts due to customers under revenue contracts	**1,177**	1,353	1,205
Other current financial liabilities	**64**	67	50
Income tax liabilities	**114**	115	79
Other current liabilities	**634**	612	591
Total current liabilities	**3,097**	3,088	2,738
Total liabilities	**4,067**	4,107	3,772
Total equity and liabilities	**6,557**	6,546	6,271

Consolidated statement of cash flows

EUR million	Q3/2023	Q3/2022	Q1–Q3/ 2023	Q1–Q3/ 2022
Cash flows from operating activities				
Profit for the period	**86**	71	**256**	217
Adjustments				
Depreciation and amortization	**44**	59	**145**	146
Financial income and expenses	**7**	—	**19**	1
Income taxes	**34**	27	**85**	63
Other non-cash items	**3**	9	**-31**	-65
Change in net working capital	**-85**	-20	**-125**	-212
Net interests and dividends received	**—**	1	**-7**	—
Income taxes paid	**-32**	-31	**-113**	-101
Net cash provided by (+) / used in (-) operating activities	**57**	115	**229**	49
Cash flows from investing activities				
Capital expenditure on fixed assets	**-27**	-29	**-89**	-80
Proceeds from sale of fixed assets	**—**	2	**4**	2
Business combinations, net of cash acquired and loans repaid	**—**	1	**-9**	117
Investments in associated companies	**—**	—	**—**	12
Net cash provided by (+) / used in (-) investing activities	**-26**	-26	**-94**	51
Cash flows from financing activities				
Redemption of own shares	**—**	—	**-4**	-5
Dividends paid	**-1**	-1	**-120**	-180
Proceeds from non-current debt	**50**	—	**100**	350
Repayments of current portion of non-current debt	**-4**	—	**-40**	-372
Repayments of lease liabilities	**-11**	-11	**-31**	-27
Net proceeds from (+) / repayments of (-) current debt	**9**	1	**177**	4
Financial investments	**-13**	—	**8**	23
Net cash provided by (+) / used in (-) financing activities	**31**	-11	**89**	-207
Net increase (+) / decrease (-) in cash and cash equivalents	**61**	77	**224**	-106
Effect of changes in exchange rates on cash and cash equivalents	**4**	2	**-2**	11
Cash and cash equivalents at beginning of period	**433**	343	**277**	517
Cash and cash equivalents at end of the period	**499**	422	**499**	422

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Cumulative translation adjustments	Hedge and other reserves	Retained earnings	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
Balance at January 1, 2023	**140**	**1,369**	**-20**	**8**	**997**	**2,494**	**5**	**2,499**
Profit for the period	—	—	—	—	254	**254**	1	**256**
Other comprehensive income for the period	—	—	-9	-18	3	**-24**	—	**-24**
Total comprehensive income for the period	—	—	-9	-18	257	**231**	1	**232**
Transactions with owners in their capacity as owners								
Dividends	—	—	—	—	-239	**-239**	-1	**-240**
Purchase of treasury shares	—	—	—	—	-4	**-4**	—	**-4**
Share-based payments, net of tax	—	3	—	—	—	**3**	—	**3**
Balance at September 30, 2023	**140**	**1,372**	**-29**	**-9**	**1,010**	**2,484**	**6**	**2,489**
Balance at January 1, 2022	100	426	-16	13	804	1,326	6	1,332
Change in accounting principles[1]	—	—	—	—	-2	-2	—	-2
Restated balance at January 1, 2022	100	426	-16	13	802	1,324	6	1,330
Profit for the period	—	—	—	—	216	216	—	217
Other comprehensive income for the period	—	—	49	2	50	101	—	101
Total comprehensive income for the period	—	—	49	2	266	317	—	317
Transactions with owners in their capacity as owners								
Dividends	—	—	—	—	-179	-179	-1	-180
Issue of ordinary shares as consideration for a business combination, net of transaction costs	40	937	—	—	—	977	—	977
Purchase of treasury shares	—	—	—	—	-5	-5	—	-5
Share-based payments, net of tax	—	6	—	—	-6	—	—	—
Balance at September 30, 2022	140	1,369	33	14	877	2,434	6	2,439

[1] *Net impact arising from the adoption of IAS 12 amendments, as of January 1, 2022.*

Basis of preparation

General information

Valmet Oyj (the "Company" or the "parent company") and its subsidiaries (together "Valmet", "Valmet Group" or the "Group") form a global developer and supplier of technologies, automation and services for the pulp, paper and energy industries.

Valmet Oyj is domiciled in Helsinki, and its registered address is Keilasatama 5, 02150 Espoo, Finland. The Company's shares are listed on Nasdaq Helsinki Ltd.

These condensed consolidated interim financial statements were approved for issue on October 25, 2023.

Basis of presentation

These condensed consolidated interim financial statements for the nine months ended September 30, 2023, have been prepared in accordance with IAS 34 – Interim financial reporting and in conformity with IFRS as adopted by the European Union. The financial information presented in these condensed consolidated interim financial statements has not been audited. These condensed consolidated interim financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

Valmet Group has applied new standards and interpretations published by IASB that are effective for the first time for financial reporting periods commencing on January 1, 2023. These standards and interpretations did not have a material impact on the results or financial position of the Group, or the presentation of these condensed consolidated interim financial statements.

Amendments to IAS 12 Income Taxes became effective as of January 1, 2023. The amendments narrow the scope for the initial recognition exception and require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Amendments are applied to transactions that occur on or after the beginning of the earliest comparative period presented. At the beginning of the earliest comparative period, January 1, 2022, deferred taxes are recognized for all temporary differences related to right-of-use assets and lease liabilities at that date, with the cumulative effect recognized as an adjustment to the opening balance of retained earnings. Applying the amendments to IAS 12 resulted in cumulative effect of EUR -1.8 million recognized as an adjustment to opening retained earnings as at January 1, 2022, and EUR 0.3 million expense recognized for changes in deferred taxes in 2022.

Except for the above, the accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022.

In these condensed consolidated interim financial statements, the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals.

Key exchange rates

	Average rates		Period-end rates	
	Q1–Q3/2023	Q1–Q3/2022	**Q3/2023**	Q3/2022
USD (US dollar)	**1.0801**	1.0637	**1.0594**	0.9748
SEK (Swedish krona)	**11.4578**	10.5179	**11.5325**	10.8993
CNY (Chinese yuan)	**7.6145**	7.0147	**7.7352**	6.9368

Business combinations

Acquisition of NovaTech Automation's Process Solutions business

On January 3, 2023, Valmet has completed the acquisition of the U.S. based NovaTech Automation's Process Solutions business.

The acquired business specializes in process control and optimization solutions for batch, continuous and hybrid processes. It serves customers mainly in process industries such as food and beverage, pharmaceuticals and chemical products. With a turnover of approximately USD 18 million in 2022, it employs 76 people in the United States and the Benelux countries. The acquisition excludes NovaTech Automation's other divisions. The acquired business has been consolidated into the Group financials from the acquisition date onwards. The assumed accounting for the acquisition, including estimated purchase consideration, is based on provisional amounts and the associated purchase accounting is not final.

The acquisition of NovaTech Automation's Process Solutions business did not have a material impact on the results or financial position of Valmet, or its financial reporting for the nine months ended September 30, 2023.

Reportable segments and geographic information

The Group's Chief Operating Decision Maker (CODM) is the President and CEO of Valmet. Valmet has three operating segments and three reportable segments for financial reporting purposes: Services, Automation and Process Technologies. Corporate functions are presented as Other.

The Services segment provides customers with flexible and fit-for-purpose services throughout the lifecycle to improve process performance and reliability. The Automation segment delivers automation solutions ranging from single measurements to mill- or plant-wide process automation systems, and mission-critical flow control technologies and services for the process industries. The Process Technologies segment provides technology solutions for pulp and energy production, as well as for biomass conversion and emission control, and complete production lines, machine rebuilds and process components for board, tissue and paper production.

The financial reporting structure reflects Valmet's operational model, and is aligned with the way the CODM evaluates the operational performance of the segments and allocates resources. One key indicator of performance reviewed by the CODM is Earnings before interest, taxes and amortization (EBITA). Performance is also assessed through Comparable EBITA, i.e., with EBITA excluding certain items of income and expense that reduce the comparability of Valmet's performance from one period to another. The alternative performance measures of EBITA and Comparable EBITA are published by Valmet as part of regulated financial information to enable users of the financial information to prepare more meaningful analysis on Valmet's performance. Items affecting comparability consist of income and expenses arising from activities that amend the capacity of Valmet's operations, such as restructuring costs, and gains or losses on sale of businesses or non-current assets, and income and expenses incurred outside Valmet's normal course of business, such as impairment charges and income and expenses recorded as a result of settlement payments to/from third parties (e.g., penalties incurred as a result of tax audits or settlements to closed lawsuits) as well as income and expenses arising from changes in legislation expected to affect Valmet temporarily only (e.g., customs or other tariffs imposed by authorities on Valmet's products).

Orders received, EUR million	**Q1–Q3/ 2023**	Q1–Q3/ 2022	Change	2022
Services	**1,356**	1,338	1%	1,756
Automation	**1,021**	758	35%	1,081
Process Technologies	**1,424**	1,713	-17%	2,356
Total	**3,801**	3,809	0%	5,194

Net sales, EUR million	**Q1–Q3/ 2023**	Q1–Q3/ 2022	Change	2022
Services	**1,275**	1,101	16%	1,606
Automation	**953**	676	41%	1,040
Process Technologies	**1,805**	1,757	3%	2,428
Total	**4,033**	3,534	14%	5,074

Comparable EBITA, EUR million	Q1–Q3/ 2023	Q1–Q3/ 2022	Change	2022
Services	**221**	142	55%	237
Automation	**169**	112	50%	190
Process Technologies	**84**	107	-21%	145
Other	**-37**	-25	52%	-39
Total	**437**	337	29%	533

Comparable EBITA, % of net sales	Q1–Q3/ 2023	Q1–Q3/ 2022	2022
Services	**17.3%**	12.9%	14.8%
Automation	**17.7%**	16.6%	18.3%
Process Technologies	**4.7%**	6.1%	6.0%
Total	**10.8%**	9.5%	10.5%

EBITA, EUR million	Q1–Q3/ 2023	Q1–Q3/ 2022	Change	2022
Services	**222**	134	65%	228
Automation	**165**	99	67%	170
Process Technologies	**86**	98	-12%	134
Other	**-40**	29		18
Total	**433**	360	20%	550

EBITA, % of net sales	Q1–Q3/ 2023	Q1–Q3/ 2022	2022
Services	**17.4%**	12.2%	14.2%
Automation	**17.3%**	14.6%	16.3%
Process Technologies	**4.8%**	5.6%	5.5%
Total	**10.7%**	10.2%	10.8%

Items affecting comparability, EUR million	Q1–Q3/ 2023	Q1–Q3/ 2022	Change	2022
Services	**1**	-8		-9
Automation	**-4**	-14	-74%	-20
Process Technologies	**2**	-9		-10
Other	**-3**	54		57
Total	**-4**	23		17

Amortization, EUR million	Q1–Q3/ 2023	Q1–Q3/ 2022	Change	2022
Services	**-5**	-5	-1%	-7
Automation	**-51**	-57	-10%	-84
Process Technologies	**-5**	-5	-5%	-7
Other	**-12**	-12	-1%	-16
Total	**-74**	-80	-8%	-114

Reconciliation between Comparable EBITA, EBITA and Operating profit

EUR million	Q1–Q3/ 2023	Q1–Q3/ 2022
Comparable EBITA	**437**	337
Items affecting comparability in cost of sales		
Expenses related to capacity adjustments	**—**	—
Expensing of fair value adjustments recognized in business combinations	**-4**	-9
Other items affecting comparability[1]	**-7**	-26
Items affecting comparability in selling, general and administrative expenses		
Expenses related to capacity adjustments	**—**	-1
Expenses related to acquisitions	**-3**	-10
Other items affecting comparability[1]	**-9**	-6
Items affecting comparability in other operating income and expenses		
Income and expenses related to capacity adjustments	**3**	—
Expenses related to acquisitions	**—**	-2
Other items affecting comparability[2]	**15**	70
Items affecting comparability in share in profits and losses of associated companies, operative investments		
Other items affecting comparability	**2**	8
EBITA	**433**	360
Amortization included in cost of sales		
Other intangibles	**-1**	-1
Amortization included in selling, general and administrative expenses		
Intangibles recognized in business combinations	**-57**	-63
Other intangibles	**-15**	-13
Amortization included in share in profits and losses of associated companies, operative investments		
Other intangibles	**—**	-2
Operating profit	**359**	280

[1] *2023 and 2022 figures include expenses related to the fire that happened in 2022 at Valmet’s Rautpohja factory site in Jyväskylä, Finland. 2022 figure also includes expenses from Valmet’s withdrawal from Russia.*

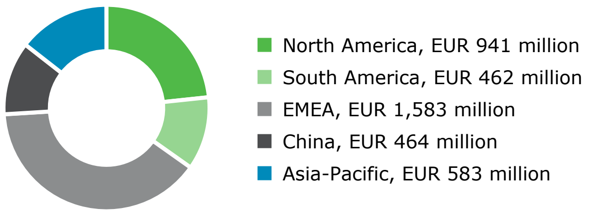
[2] *2023 and 2022 figures include expenses from Valmet’s withdrawal from Russia, and income related to the fire that happened in 2022 at Valmet’s Rautpohja factory site in Jyväskylä, Finland. 2022 figure also includes a gain of EUR 59 million from remeasurement of Valmet's previously held equity interest in Neles.*

Entity-wide information

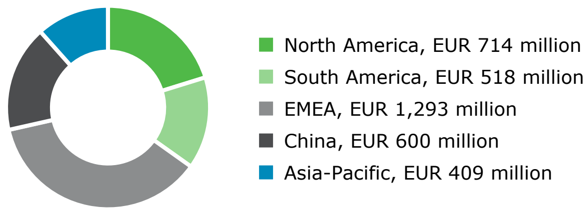
Valmet has operations globally in over 40 countries. Measured by net sales, the top three countries in January–September 2023 were the USA, China and Brazil, which together accounted for 38 percent of total net sales. In January–September 2022, the top three countries were the USA, China and Brazil, which together accounted for 46 percent of total net sales. Net sales for Finland (the country of domicile) amounted EUR 268 million in January–September 2023 (EUR 423 million).

Net sales by destination:

Q1–Q3/2023: EUR 4,033 million



Q1–Q3/2022: EUR 3,534 million



Gross capital expenditure (excl. business combinations and right-of-use assets) by location:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1–Q3/2023	**13**	**6**	**56**	**12**	**3**	**89**
Q1–Q3/2022	4	2	59	10	5	80

Revenue

Valmet's revenue is reported on and monitored by management in business line, segment and area dimension. Paper, and Pulp and Energy business lines' revenue is derived from large long-term projects, for which revenue is mostly recognized over time based on the cost-to-cost method. Service business line's revenue arises from large volume of short-term contracts with relatively low individual value, for which revenue is mainly recognized at a point in time. Flow Control business line's valves equipment sales are recognized at a point in time. Automation business line's revenue consists of long-term contracts and short-term service contracts. The nature of long-term contracts, and therefore also the revenue recognition method, is similar to process technologies projects although with average contract values being lower. Revenue for short-term service contracts is recognized at a point in time. Nature of revenue in each area in any given reporting period is driven by volume and size of ongoing projects.

Net sales by business lines:

EUR million	Q3/2023	Q3/2022	Q1–Q3/ 2023	Q1–Q3/ 2022
Services	**429**	381	**1,275**	1,101
Flow Control	**192**	183	**581**	360
Automation Systems	**120**	114	**372**	317
Pulp and Energy	**250**	256	**799**	798
Paper	**304**	355	**1,006**	959
Total	**1,295**	1,288	**4,033**	3,534

Timing of revenue recognition:

EUR million	Q3/2023	Q3/2022	Q1–Q3/ 2023	Q1–Q3/ 2022
Performance obligations satisfied at a point in time	**620**	601	**1,878**	1,568
Performance obligations satisfied over time	**675**	687	**2,155**	1,966
Total	**1,295**	1,288	**4,033**	3,534

In order to mitigate credit risk and compensate for contract costs incurred upfront, Valmet regularly requires advance payments from its customers. During the reporting period Valmet had not entered into any material contracts where the period between when Valmet transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or more. Neither were there any ongoing projects from previous reporting periods for which the former would apply.

The creditworthiness of a customer is verified before entering into a contract. However, if a risk of non-payment arises after contract inception, the probability of collection of consideration is re-evaluated and if assessed improbable, recognition of revenue is discontinued. An allowance for non-collectability of open receivables and contract assets is established as concluded appropriate.

Valmet receives payments from customers based on invoicing schedules as set out in the customer contracts. Changes in contract assets and liabilities are due to Valmet's performance under the contracts. Amounts due from customers under revenue contracts primarily relate to Valmet's right to consideration for work completed but not yet invoiced at the reporting date. These assets are transferred to trade receivables when right to consideration becomes unconditional, which is typically at the time when Valmet has contractual right to issue an invoice. Significant part of amounts due to customers relate to advance consideration received from customers in long-term capital contracts for which revenue is recognized over time. These amounts are recognized as revenue as (or when) Valmet performs under the contracts.

Following tables provide specification of movements in amounts due from customers under revenue contracts and amounts due to customers under revenue contracts over the reporting period. Revenue recognized in the period also includes revenue recognized related to performance obligations satisfied in previous periods, the amount of which however is insignificant.

Amounts due from customers under revenue contracts:

EUR million	Q1–Q3/ 2023	Q1–Q3/ 2022	2022
Carrying value at beginning of the period	**485**	280	280
Translation differences	**-4**	-2	-6
Acquired in business combinations	**—**	—	—
Revenue recognized in the period	**868**	803	1,179
Transfers to trade receivables	**-872**	-644	-968
Carrying value at end of the period	**478**	437	485

Amounts due to customers under revenue contracts:

EUR million	Q1–Q3/ 2023	Q1–Q3/ 2022	2022
Carrying value at beginning of the period	**1,205**	1,263	1,263
Translation differences	**-14**	33	-7
Acquired in business combinations	**—**	30	29
Revenue recognized in the period	**-1,698**	-1,623	-2,090
Consideration invoiced and/or received	**1,684**	1,650	2,011
Carrying value at end of the period	**1,177**	1,353	1,205

EUR million	As at September 30, 2023	As at September 30, 2022	As at December 31, 2022
Amounts due to customers under revenue contracts for which revenue is recognized			
Point in time	**354**	431	359
Over time	**823**	922	846
Carrying value at end of the period	**1,177**	1,353	1,205

Valmet typically issues contractual product warranties under which it guarantees the mechanical functioning of equipment delivered during the agreed warranty period. Valmet does not issue service-type warranties.

As at September 30, 2023, Valmet had no costs to obtain or fulfill contracts capitalized under IFRS 15.

The aggregate amount of transaction price allocated to unsatisfied or partially satisfied performance obligations as at September 30, 2023, was EUR 4,133 million (EUR 4,672 million).

Net working capital

Payment schedules of large long-term projects have a significant impact on net working capital development. Net working capital does not include non-operative items such as taxes, interest-bearing assets and liabilities, or other items related to funding of the Group's operations.

EUR million	As at September 30, 2023	As at September 30, 2022	As at December 31, 2022	Q1–Q3/ 2023 impact
Assets included in net working capital				
Other non-current assets	**14**	19	14	**-1**
Inventories	**1,022**	1,093	934	**-87**
Trade receivables	**782**	688	834	**52**
Amounts due from customers under revenue contracts	**478**	437	485	**7**
Derivative financial instruments (assets)	**49**	100	69	**20**
Other receivables	**251**	240	223	**-28**
Liabilities included in net working capital				
Employee benefits	**-120**	-136	-132	**-12**
Provisions	**-200**	-221	-219	**-19**
Other non-current non-interest-bearing liabilities	**-1**	-2	-1	**—**
Trade payables	**-472**	-443	-442	**31**
Amounts due to customers under revenue contracts	**-1,177**	-1,353	-1,205	**-28**
Derivative financial instruments (liabilities)	**-70**	-78	-56	**14**
Other current liabilities	**-621**	-609	-588	**33**
Total net working capital	**-65**	-265	-82	**-18**
Effect of changes in foreign exchange rates				**11**
Remeasurement of defined benefit plans				**5**
Change in allowance for doubtful receivables and inventory obsolescence provision				**-8**
Dividend liability (non-cash net working capital change in Q1–Q3)				**-120**
Acquired in business combinations				**3**
Change in net working capital in the Consolidated statement of cash flows				**-125**

Intangible assets and property, plant and equipment

Intangible assets

EUR million	Q1–Q3/2023	Q1–Q3/2022	2022
Carrying value at beginning of the period	**2,641**	1,004	1,004
Translation differences	**—**	26	7
Capital expenditure	**18**	23	32
Acquired in business combinations	**7**	1,722	1,712
Amortization charges for the period	**-74**	-78	-112
Impairment losses	**—**	-1	-2
Other changes and disposals	**—**	-1	-1
Carrying value at end of the period	**2,592**	2,695	2,641

Property, plant and equipment (excl. right-of-use assets assets)

EUR million	Q1–Q3/2023	Q1–Q3/2022	2022
Carrying value at beginning of the period	**495**	404	404
Translation differences	**-6**	7	-4
Capital expenditure	**71**	56	80
Acquired in business combinations	**—**	81	74
Depreciation charges for the period	**-43**	-42	-55
Impairment losses	**—**	-1	-2
Other changes and disposals	**-1**	-1	-2
Carrying value at end of the period	**516**	505	495

Leases

Right-of-use assets

EUR million	Q1–Q3/2023	Q1–Q3/2022	2022
Carrying value at beginning of the period	**105**	65	65
Translation differences	**-1**	1	-1
Additions	**39**	17	32
Acquired in business combinations	**2**	49	46
Depreciation	**-29**	-25	-34
Other changes	**-2**	-1	-3
Carrying value at end of the period	**114**	105	105

Financial instruments

Derivative financial instruments

As at September 30, 2023	**Notional amount**	**Fair value, assets**	**Fair value, liabilities**	**Fair value, net**
Forward exchange contracts[1]	**3,189**	**39**	**-67**	**-27**
Interest rate swaps[1]	**440**	**10**	**—**	**10**
Electricity forward contracts[2]	**150**	**—**	**-2**	**-2**
Nickel forward contracts[3]	**516**	**—**	**-1**	**-1**
Steel scrap forward contracts[3]	**858**	**—**	**—**	**—**

As at September 30, 2022	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net
Forward exchange contracts[1]	3,742	73	-78	-4
Interest rate swaps[1]	125	8	—	8
Electricity forward contracts[2]	180	18	—	18
Nickel forward contracts[3]	276	1	—	—
Steel scrap forward contracts[3]	1,275	—	—	—

[1] *Notional amount and fair values in EUR million.*
[2] *Notional amount in GWh and fair values in EUR million.*
[3] *Notional amount in metric tons and fair values in EUR million.*

The notional amounts give an indication of the volume of derivative contracts entered into, but do not provide an indication of the exposure to risk.

Classification of financial assets and liabilities:

EUR million	As at September 30, 2023	As at September 30, 2022
Non-current financial assets		
Equity investments at fair value through other comprehensive income	**8**	9
Equity investments at fair value through profit or loss	**2**	2
Loan receivables at amortized cost	**—**	—
Loan receivables at fair value through profit or loss	**—**	—
Derivative financial instruments at fair value through profit or loss	**—**	—
Derivative financial instruments qualified for hedge accounting	**11**	22
Carrying value at end of the period	**22**	34
Current financial assets		
Interest-bearing financial assets at fair value through other comprehensive income	**24**	32
Loan receivables at amortized cost	**1**	—
Non-interest-bearing financial assets at amortized cost	**5**	5
Trade receivables at amortized cost	**782**	688
Derivative financial instruments at fair value through profit or loss	**6**	22
Derivative financial instruments qualified for hedge accounting	**32**	56
Cash and cash equivalents at amortized cost	**499**	422
Carrying value at end of the period	**1,349**	1,226

EUR million	As at September 30, 2023	As at September 30, 2022
Non-current financial liabilities		
Loans from financial institutions at amortized cost	**515**	505
Lease liabilities at amortized cost	**72**	66
Derivative financial instruments at fair value through profit or loss	**—**	—
Derivative financial instruments qualified for hedge accounting	**6**	10
Carrying value at end of the period	**592**	582
Current financial liabilities		
Loans from financial institutions at amortized cost	**190**	255
Lease liabilities at amortized cost	**37**	33
Interest-bearing liabilities at amortized cost	**241**	24
Trade payables at amortized cost	**472**	443
Derivative financial instruments at fair value through profit or loss	**16**	21
Derivative financial instruments qualified for hedge accounting	**48**	46
Carrying value at end of the period	**1,005**	822

For those financial assets and liabilities, which have been recognized at fair value in the Consolidated statement of financial position, the measurement hierarchy and valuation methods described below have been applied.

Level 1

Quoted unadjusted prices at reporting date in active markets. Valmet level 1 financial instruments include equity investments classified as financial assets at fair value through other comprehensive income.

Level 2

The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available. Valmet level 2 financial instruments include over-the-counter (OTC) derivatives classified as financial assets and liabilities at fair value through profit or loss or derivatives qualified for hedge accounting and all other financial assets and liabilities except for equity investments.

Level 3

A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. Valmet level 3 financial instruments include equity investments classified as financial assets at fair value through profit or loss.

Provisions

EUR million	Q1–Q3/2023	Q1–Q3/2022	2022
Carrying value at beginning of the period	**219**	214	214
Translation differences	**-1**	2	-2
Additions charged to profit or loss	**78**	83	106
Acquired in business combinations	**—**	8	9
Used reserve	**-55**	-53	-65
Reversal of reserve	**-40**	-34	-44
Carrying value at end of the period	**200**	221	219
Non-current	**32**	34	38
Current	**168**	186	181

Comparative information has been reclassified to achieve consistency in disclosure with current financial year reporting with no impact to period opening or closing balances.

Contingencies and commitments

EUR million	As at September 30, 2023	As at September 30, 2022	As at December 31, 2022
Guarantees on behalf of Valmet Group	**1,236**	1,594	1,521

The most significant commitments and contingencies of Valmet relate to guarantees provided by Valmet Oyj, its subsidiaries and financial institutions to customers and suppliers in the ordinary course of business, as disclosed in the above table.

Events after the reporting period

On September 27, 2023, Valmet announced that it has signed a EUR 175 million loan agreement with the European Investment Bank (EIB). The loan was withdrawn on October 5, 2023, and its maturity is eight years. The loan will support Valmet’s Research and Development (R&D) activities focusing on technologies that replace fossil fuels with renewables. The loan agreement is linked to Valmet’s R&D activities in 2023–2026.

There have been no other subsequent events after the review period that required recognition or disclosure.

Key indicators

	Q1–Q3/2023	Q1–Q3/2022
Comparable return on capital employed (Comparable ROCE) before taxes (LTM), %	**16%**	16%
Return on capital employed (ROCE) before taxes (LTM), %	**15%**	17%
Return on equity (ROE) (LTM), %	**15%**	17%
Net debt to EBITDA[2] ratio[1]	**0.74**	0.71
Gearing, end of period, %	**21%**	18%
Equity to assets ratio, end of period, %	**46%**	47%
Capital employed, end of period	**3,545**	3,322
Interest-bearing liabilities, end of period, EUR million	**1,055**	883
Net interest-bearing liabilities, end of period, EUR million	**531**	428
Earnings per share, EUR	**1.38**	1.25
Diluted earnings per share, EUR	**1.38**	1.25
Adjusted earnings per share, EUR	**1.63**	1.56
Equity per share, end of period, EUR	**13.49**	13.21
Number of outstanding shares, end of period	**184,161,105**	184,187,497
Average number of outstanding shares	**184,148,701**	172,730,220
Average number of diluted shares	**184,148,701**	172,730,220

[1] *Net debt to EBITDA ratio is a new alternative performance measure. It enables users of the financial information to prepare more meaningful analysis on Valmet's performance and is presented with comparatives from Q1/2023 onwards.*

[2] *Last twelve months EBITDA*

Formulas for calculation of indicators

In addition to financial performance indicators as defined by IFRS, Valmet publishes certain other widely used measures of performance that can be derived from figures in the Consolidated statement of income and Consolidated statement of financial position, as well as notes thereto. The formulas for calculation of these alternative performance measures are presented below. Some of the alternative performance measures are calculated on a last twelve months basis (LTM).

Comparable gross profit (GP):
Gross profit +/- items affecting comparability in cost of sales

Comparable selling, general and administrative (SG&A) expenses:
Selling, general and administrative expenses +/- items affecting comparability in selling, general and administrative expenses

EBITA:
Operating profit + amortization

Comparable EBITA[1]:
Operating profit + amortization +/- items affecting comparability

Earnings per share:

$$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Average number of shares outstanding during period}}$$

Diluted earnings per share:

$$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Average number of diluted shares during period}}$$

Adjusted earnings per share[1]:

$$\frac{\text{Profit attributable to shareholders of the Company - expensing of fair value adjustments recognized in business combinations, net of tax}}{\text{Average number of shares outstanding during period}}$$

Equity per share:

$$\frac{\text{Equity attributable to owners of the parent}}{\text{Number of outstanding shares at end of period}}$$

Return on equity (ROE), % (LTM):

$$\frac{\text{Profit for the period}}{\text{Total equity (average for period)}} \times 100$$

Return on capital employed (ROCE) before taxes, % (LTM):

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average for period)}} \times 100$$

Comparable return on capital employed (ROCE) before taxes, % (LTM):

$$\frac{\text{Profit before taxes + interest and other financial expenses +/- items affecting comparability}}{\text{Balance sheet total - non-interest-bearing liabilities (average for period)}} \times 100$$

Equity to assets ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total - amounts due to customers under revenue contracts}} \times 100$$

Gearing, %:

$$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Net interest-bearing liabilities:
Non-current debt + non-current lease liabilities + current debt + current lease liabilities - cash and cash equivalents - other interest-bearing assets

Net debt to EBITDA ratio:

$$\frac{\text{Net interest-bearing liabilities}}{\text{Operating profit + amortization + depreciation (LTM)}}$$

[1]Alternative performance measure also calculated on a last twelve months basis.

Quarterly information

EUR million	Q3/2023	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Orders received	**980**	1,268	1,552	1,385	1,178
Order backlog, end of period	**4,133**	4,414	4,595	4,403	4,672
Net sales	**1,295**	1,417	1,321	1,540	1,288
Comparable gross profit[1]	**336**	368	330	395	317
% of net sales	**25.9%**	26.0%	24.9%	25.6%	24.6%
Comparable SG&A expenses[1]	**-203**	-227	-229	-234	-209
% of net sales	**-15.7%**	-16.1%	-17.3%	-15.2%	-16.3%
Comparable EBITA	**150**	153	133	196	136
% of net sales	**11.6%**	10.8%	10.1%	12.7%	10.5%
Operating profit	**127**	136	97	156	97
% of net sales	**9.8%**	9.6%	7.3%	10.1%	7.6%
Profit before taxes	**120**	129	91	152	98
% of net sales	**9.3%**	9.1%	6.9%	9.9%	7.6%
Profit for the period	**86**	99	71	121	71
% of net sales	**6.6%**	7.0%	5.4%	7.9%	5.5%
Earnings per share, EUR	**0.47**	0.54	0.38	0.66	0.38
Adjusted earnings per share, EUR	**0.52**	0.60	0.51	0.80	0.51
Expensing of fair value adjustments recognized in business combinations, net of tax, EUR million	**-11**	-11	-24	-26	-23
Amortization	**-20**	-20	-34	-34	-34
Depreciation, property, plant and equipment (excl. right-of-use assets)	**-14**	-14	-14	-13	-15
Depreciation, right-of-use assets	**-10**	-9	-10	-9	-9
Depreciation, total	**-24**	-23	-24	-23	-24
Items affecting comparability:					
in cost of goods sold	**-3**	-4	-4	-11	-10
in selling, general and administrative expenses	**-5**	-3	-4	-6	-6
in other operating income and expenses, net	**5**	7	6	9	12
in share in profits and losses of associated companies, operative investments	**—**	2	-1	2	—
Total items affecting comparability	**-4**	2	-2	-6	-4
Cash flow provided by operating activities, EUR million	**57**	-37	208	-13	115
Cash flow after investments, EUR million	**31**	-71	175	-45	88
Gross capital expenditure (excl. business combinations and right-of-use assets)	**-27**	-37	-25	-32	-29
Business combinations, net of cash acquired and loans repaid	**—**	-1	-9	—	1
Research and development expenses, net	**-24**	-28	-29	-27	-23
% of net sales	**-1.9%**	-2.0%	-2.2%	-1.7%	-1.8%

[1] *Comparable gross profit, and Comparable selling, general and administrative expenses (Comparable SG&A expenses) are new alternative performance measures. They enable users of the financial information to prepare more meaningful analysis on Valmet's performance and are presented with comparatives from Q1/2023 onwards.*

Quarterly segment information

Orders received, EUR million	**Q3/2023**	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Services	**349**	430	577	418	427
Automation	**289**	340	391	324	306
Process Technologies	**343**	497	584	644	444
Total	**980**	1,268	1,552	1,385	1,178

Net sales, EUR million	**Q3/2023**	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Services	**429**	457	389	505	381
Automation	**312**	338	304	363	296
Process Technologies	**554**	623	628	672	610
Total	**1,295**	1,417	1,321	1,540	1,288

Comparable EBITA, EUR million	**Q3/2023**	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Services	**79**	80	63	95	55
Automation	**58**	61	50	78	52
Process Technologies	**25**	30	30	38	36
Other	**-12**	-17	-9	-14	-7
Total	**150**	153	133	196	136

Comparable EBITA, % of net sales	**Q3/2023**	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Services	**18.4%**	17.5%	16.1%	18.7%	14.3%
Automation	**18.7%**	17.9%	16.3%	21.4%	17.6%
Process Technologies	**4.5%**	4.8%	4.7%	5.6%	5.8%
Total	**11.6%**	10.8%	10.1%	12.7%	10.5%

EBITA, EUR million	**Q3/2023**	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Services	**79**	81	62	94	55
Automation	**58**	63	44	71	48
Process Technologies	**25**	29	33	36	36
Other	**-15**	-16	-9	-11	-7
Total	**147**	155	131	190	132

EBITA, % of net sales	**Q3/2023**	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Services	**18.4%**	17.7%	16.0%	18.6%	14.4%
Automation	**18.6%**	18.5%	14.6%	19.6%	16.2%
Process Technologies	**4.5%**	4.6%	5.2%	5.4%	5.8%
Total	**11.3%**	11.0%	9.9%	12.3%	10.2%

Items affecting comparability, EUR million	**Q3/2023**	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Services	**—**	1	—	-1	—
Automation	**—**	2	-5	-7	-4
Process Technologies	**—**	-1	3	-1	—
Other	**-3**	—	—	3	—
Total	**-4**	2	-2	-6	-4

Amortization, EUR million	**Q3/2023**	Q2/2023	Q1/2023	Q4/2022	Q3/2022
Services	**-2**	-2	-2	-2	-2
Automation	**-12**	-12	-27	-27	-27
Process Technologies	**-2**	-2	-2	-2	-2
Other	**-4**	-4	-4	-4	-4
Total	**-20**	-20	-34	-34	-34

Valmet's financial reporting in 2024

February 7, 2024 - Financial Statements Review for 2023
April 24, 2024 - Interim Review for January–March 2024
July 24, 2024 - Half Year Financial Review for January–June 2024
October 30, 2024 - Interim Review for January-September 2024

Valmet Oyj
Keilasatama 5 / PO BOX 11
FI-02150 ESPOO, Finland
www.valmet.com/investors
ir@valmet.com